

*An Analysis of*  
**The Socio-Economic Impact  
of Co-operatives in Africa and  
Their Institutional Context**

Research Report implemented as part of a project on;  
“The Enabling Environment for Co-operatives”  
in East, Central and Southern Africa



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# **An Analysis of The Socio-economic Impact of Co-operatives in Africa and Their Institutional Context**

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They appreciate the input people they met in the course of the study, and in particular the co-operators and staff in government departments in the various study countries who provided valuable input to the process.

Great appreciation goes to Canadian Cooperative Association for making this study possible by providing the financial support. It is our sincere hope that the leaders of the co-operative movement and those of governments in this part of the Region (East, Central and Southern Africa), will take the report as the start of a fresh debate on the contribution of the co-operative enterprise in the socio-economic development in Africa.

## Foreword

### **Enabling Environment for Co-operatives in Africa**

We congratulate ICA and the eminent researchers for this important and timely research. Co-operatives in many countries in Africa and other continents have similar experiences and challenges and the findings of this research are broadly relevant.

Co-operatives are often not well understood and suffer from a poor public image or poor self-image. This research will assist co-operators and governments to think carefully about the role of co-operatives in reducing poverty, developing communities and contributing to sustainable national development.

We are proud to be part of this substantive research. As well as celebrating its completion, we must commit to further analysis, discussion and critique to ensure the ongoing development and strengthening of effective co-operatives. This is what the researchers, ICA and CCA desire as an outcome of this research.

#### **Jo-Anne Ferguson**

Senior Director, International Development  
Canadian Co-operative Association (CCA)



## Abbreviations and Acronyms

AGM	- Annual General Meeting
AIDS	- Acquired Immuno Deficiency Syndrome
BOCA	- Botswana Co-operative Association
BOSCA	- Botswana Savings and Credit Co-operative Association
CIDA	- Canadian International Development Agency
COASCO	- Co-operative Audit and Supervision Corporation
CODEC	- Cooperative Development Centre
DID	- Development International Desjardins
EEP	- Enabling Environment Project for Co-operatives
FAO	- Food and Agriculture Organisation
GDP	- Gross Domestic Product
ICA	- International Co-operative Alliance
ILO	- Internal Labour Organisation
KNCU	- Kilimanjaro Native Co-operative Union
KNFC	- Kenya National Federation of Co-operatives
KPCU	- Kenya Planters Co-operative Union
KUSCCO	- Kenya Union of Savings and Credit Co-operatives
ICT	- Information Communication and Technology
HIV	- Human Immuno-Deficiency Virus
MDG	- Millennium Development Goals
MUCCoBS	- Moshi University College of Co-operative and Business Studies
MUSCCO	- Malawi Union of Savings and Credit Co-operatives
NACHU	- National Co-operative Housing Union
NACO	- National Co-operative Organisation (Apex and Sectoral Co-operatives)
NGO	- Non-Governmental Organisation
PLWA	- People Living With AIDS
SACCO	- Savings and Credit Co-operatives
SAP	- Structural Adjustment Programme
SCCULT	- Savings and Credit Union League of Tanzania
SNFC	- Swaziland National Federation of Co-operatives
TFC	- Tanzania Federation of Co-operatives
UNCTAD	- United Nations Conference on Trade and Development
UNESCO	- United Nations Educational, Scientific and Cultural Organisation
UNDP	- United Nations Development Programme

# Executive Summary

## Introduction

The Enabling Environment Project (EEP) is one of the projects currently being implemented by ICA Regional Office in the East, Central and Southern parts of Africa. It aims at contributing towards an Enabling Policy Environment for Co-operatives to play a greater role in Economic development and hence Poverty Reduction. The project has been involved in the formulation and simplification of Co-operative Policies and Laws in a number of countries. It has contributed towards enhancing the profile of co-operatives through internet connectivity and development of websites. It also encompasses the strengthening of co-operatives in advocacy, networking and enhancing skills of leaders and managers in governance and lobbying for policy and legislative reforms.

In response to the felt need to strengthen the functioning of Co-operatives for greater impacts on socio-economic development in the region, the ICA Africa Regional Office commissioned a team to undertake a research aimed at generating information that will facilitate an enhanced understanding of Co-operatives and the role they can play in national and local economic development. The overall objective of the research was to undertake a study on the contribution and effectiveness of co-operatives in socio-economic development at local and national levels, with a focus on alleviation of income poverty and employment creation.

The Research adopted a number of research tools and approaches in accessing the information required. It was carried out in six countries Botswana, Ethiopia, Kenya, Malawi, Swaziland and Tanzania in 2006.

## The Context of Co-operatives in Africa

The main agenda for reshaping co-operative development in Africa as identified in the 8<sup>th</sup> Inter-Ministerial Conference are around three key areas: Government and Co-operative movement Relationship, Research and Development, Information and Communications Technology. One of the research engagements is the current study on the Impact of Co-operatives in Socio-economic development.

The advent of liberalization and market competition demanded a more planned restructuring of the African economies as well as institutions. However both the economies and institutions, co-operatives included have been slow in making the changes demanded by the global economy. There has been slow progress by cooperatives over the last ten years, first because of the slowness in up-dating co-operative legislation; second, is the low development of use of information and communications technology; and third is the issue of revisiting co-operative structures to make them more compatible with market forces and competitiveness.



## Summary of Key Findings

The following is a summary of the key findings from the research:

***Co-operatives and the Reduction of Income Poverty:*** There is more realization by governments, the co-operative movement, the community and other agencies collaborating with co-operatives that co-operatives made considerable contribution to economic development in general and poverty reduction in particular. This has been in a number of areas that are key to economic development including agricultural marketing, financial services, wealth creation and social development especially in education and health care. Families that have associated themselves with cooperatives have had their economy protected by cooperatives. It is also observed in a number of countries that areas that have had active cooperatives are more developed. You find that most people have attended schools, social infrastructure is very well developed, people have relatively good shelter, people have basic household good, and are able to attend to other issues such as health much more easily.

***Agricultural Marketing:*** Where co-operative services were available, there were reliable marketing services in terms of supply of farm inputs, farm implements, timely crop finance making agricultural production more sustainable with reliable returns on investment. In the face of liberalization, co-operatives have provided protection against exploitation particularly by middlemen by making appropriate interventions in crop marketing.

Co-operatives still play a key role in ensuring reliable supply of farm inputs and implements, and timely crop financing making agricultural production more sustainable with more reliable returns on investments. Existence of marketing organizations has widened the range of marketable agricultural products and shifted the farmers from traditional crops to more market oriented crops. A number of the marketing co-operatives are moving towards value additions and exploring ways and means of enhancing members income to remain competitive.

***Financial Services:*** Provision of financial services by savings and credit co-operatives (SACCOs) has made it possible for most people who are excluded from banking services by the commercial banking system to have access to affordable banking services. This includes access to reasonably priced credit and at terms and conditions for collateral/security that is favourable to the poor. Members and the poor are also protected against unscrupulous moneylenders. The savings mechanisms built by the SACCOs movement summed up together, provide a measure of financial self-reliance for the country. The availability of localized financial services has enabled small farmer co-operatives access to profitable distant markets (credit allows waiting time for better prices).

The recent development is that commercial banks have realized the challenge being posed to them by SACCOs and have initiated micro-finance programs aimed at tapping into this market that they previously ignored. Some of the banks are re-opening branches in areas (particularly rural areas) where they had closed down branches and services were provided solely through Co-operative financial institutions.

***Co-operatives and Employment Creation:*** There is direct employment impact provided by co-operatives wherever they are established. This is in addition to the indirect employment creation resulting from multiple activities of co-operatives (members who borrow from SACCOs become investors in transport, grocery, poultry, farm machinery, small businesses, purchase of commercial buildings, and running housing schemes. All these create income-earning employment.

***Co-operative Policy and Legislation:*** There are efforts to formulate broad and enabling macro-economic policies by all governments in the surveyed countries. The poverty reduction strategies in most countries have put special recognition on the role of co-operatives in the reduction of poverty.

There is a new focus of development action targeting the development of agriculture and a shift of development activities towards the local (district and village) levels. This is providing an important opportunity for Co-operative/Government partnership at the local level. Sectoral policies including the revised co-operative policies put emphasis on Public-Private-Partnership (PPP). Co-operatives are considered a special private sector which can mobilize both the rural and the urban poor, hence an important partner in the new government initiatives. All co-operative policies recognize the critical importance of the grassroots primary societies. They are critical for member mobilization and hence the growth of the co-operative movement.

***There are however a number of challenges in co-operative policy and legislation:*** In some of the countries, the policy promotes member participation, but legislation is a mixture of the ideals of member participation and state control elements of past laws.

Co-operative policy and legislation still created the conditions for co-operatives to be confined to specific sectors and because of such confinement; the co-operatives are unable to contribute effectively to national policy and legislation debate. This creates space for other players to advance their agenda to the detriment of the co-operative movement.

The sectoral approach and inward looking co-operative development has resulted into unnecessary competition than co-operation among co-operatives (there are clear examples from Kenya, Ethiopia and Tanzania).

There is absence of efficient regulatory framework with effective delivery mechanisms. Most countries co-operative movements expect government action on regulation while the world is moving towards self-regulation. There is marginal member participation in co-operative policy and law formulation.

***Co-operative Development and Promotion:*** In all the studied countries, agriculture is the mainstay of the rural economy and provides a greater percentage of employment. In linking this to cooperatives, it is noted that the emerging macro policies do not support development of agro-based cooperatives. There is a gradual shift to financial co-operatives. Co-operatives have also not responded very well to

liberalization and structural adjustments. While the focus has shifted to the financial cooperatives, no holistic approach has been developed to ensure that the agricultural sector is also growing at the same pace and the link with the financial cooperatives in particular and national policies in general. There is concern that the increasing use of SACCOs by the political systems and other development agencies, and the push of Micro-credit as the ultimate solution to poverty, is likely to kill the spirit of savings and credits, and self-reliance as one of its key foundations. The place of co-operative like organisations in the promotion and development of co-operatives should be recognised and appropriate synergies developed.

## **Structures**

The study reveals that in all the study countries, there are no viable national apex bodies at the moment. BOCA (Botswana) is non-functional with no activities on the ground, KNFC (Kenya) has been on a long drawn re-organization process, TFC (Tanzania) functions on a weak and limited basis and is undergoing transformation, and SNF (Swaziland) is in the law but has never been established. However there are countries with strong sectoral national bodies or crop based apex bodies. Kenya has very strong sectoral national organizations, while Malawi and Swaziland have national organization for the savings and credit associations. The national apex body for agricultural societies in Swaziland, CCU is under liquidation but a predecessor organisation SWAFCU is already registered with a membership of 16 primary societies. Ethiopia and Tanzania have some strong crop based national organizations.

The traditional four-tier structure of affiliation is theoretically and practically costly on the membership. The study has found that the primary societies do not attest to the material value of a distant national umbrella because the primary need fast business results not the long tier system. Invariably, the national level structures supported by the Co-operative Act need the primaries for their survival.

Given that cooperatives are key institutions in socio-economic development in all countries, there is need for member owned and member supported national apex bodies that embrace the interests of the movement on a multi-sectoral basis. The primary focus of the body should be macro policy and issues of national importance. It should have the ability to promote and protect the co-operative agenda on wholesome basis. This kind of apex bodies should aim at supporting economically viable primary societies who are carrying out business on behalf of their members.

More work need to be done on the structure and functions of national level co-operative organizations as they are today.

## **Co-operatives and Crosscutting Issues**

On the whole, cooperatives have not engaged effectively with crosscutting issues and have not created appropriate linkages with agencies providing coordination in the respective areas such as HIV/AIDS, youth, gender and environment.

***Co-operatives and HIV/AIDS:*** The HIV/AIDS pandemic is recognized as a real problem by both governments and the co-operative movement alike. It was however revealed that national governments were in the forefront in developing HIV/AIDS mitigation programs and policies. All surveyed countries had comprehensive policies on the mitigation of HIV/AIDS. The co-operative movement was lagging behind on this issue although the impact on membership and the economy was vividly high. Some co-operative leaders attributed to this by saying the government efforts were comprehensive enough to make them not to duplicate efforts and allow them to concentrate on economic issues of the members.

***Co-operatives and the Youth:*** There were Youth Development policies in some countries but invariably there are no youth policies and programs in co-operatives. They have not yet taken the youth as an important agenda although the leaders of the co-operative movement accept the reality of the problem.

***Co-operatives and Gender:*** The issue is addressed in most co-operative development policies in the region. When it comes to co-operatives, it is treated numerically only. They make reference to the numbers of men and women employed or those in leadership positions. There are no policies or programs for the recognition and mainstreaming gender

***Co-operatives and the Environment:*** Co-operatives are quiet on this issue and lack policies and programs of action. There is however government policies and programs but co-operatives are separated from them. It is in Malawi where tobacco producers are conditioned to plant trees as a necessary activity to protect the environment under tobacco production.

## Some Country Highlights

**Botswana:** The government in Botswana is very positive and is motivated to see the development of a successful co-operative movement. There is a strong emerging urban employer-based savings and credit co-operative movement but the rural agricultural co-operatives remain weak. There is a growing mineral economy that provides opportunity for co-operatives. The cattle marketing co-operatives are being revived with the revival of Botswana Meat Commission.

The country has well trained government staff who can take the challenges of supporting a member driven co-operative movement. The challenge however is the lack of matching level of skills and competencies in the movement. This is likely to result in a situation where the movement is largely driven by the government.

**Ethiopia:** Even though the country is rising from the structures of the socialist mode of development, there is strong motivation for the development of co-operatives of all types. The government department in Ethiopia is keen to see an independent co-operative movement with plans for an elaborate structure for the movement. It however raises questions on the extent of ownership by the movement. The other



aspect that needs consideration is whether the movement has the ability to support such an elaborate structure.

There is a strong agricultural co-operative movement especially in the coffee sub sector and a developing savings and credit movement. There is one regional co-operative bank with plans to set up others. There is likelihood that there will be more than one cooperative bank in Addis Ababa. The enthusiasm of building free organizations however may lead to duplicating efforts.

**Kenya:** The country has a long history of cooperatives development in all sectors. It has undergone a big growth process and contributed significantly towards economic development in the country. It has the most advanced financial co-operative system in Africa. The financial co-operative movement is institutionally built from the lower level to the national level. The system is however not well integrated. The agricultural co-operative sub-sector, which at one time was one of the strongest in Africa, is yet to recover from the effects of liberalization. The SACCO movement is facing stiff competition by mainstream commercial banks and micro-finance institutions. The lack of a strong legal and regulatory framework for SACCOs continues to be a major concern given the magnitude of business the sub-sector is handling.

Though the movement has strong sectoral apex bodies (NACOs) the lack of synergy and integration has denied the movement the opportunity to cultivate a more solid competitive position. The Kenyan movement would be a formidable force if they were to work towards an integrated system and develop strong synergy.

**Malawi:** The country has strong financial co-operative organizational framework for urban employee based SACCOs. Agricultural co-operatives in Malawi are still at the infant stages as they are a new organizational phenomenon in the country. Most SACCOs in the rural areas have been promoted by NGOs and churches and have not developed into member owned and member controlled organizations. The attitudes of dependency still manifest strongly in a number of them.

There is need for more work to be done in the promotion of rural SACCOs and collaboration between the two key players; MUSCCO and NASFAM should lend support to this initiative.

**Swaziland:** This is an agricultural economy with small size co-operatives. It has well organized savings and credit societies in the urban areas. The biggest challenge is with the rural areas. There is need for more work to be done in the development of competitive agricultural marketing co-operatives. The government planning mechanism is being decentralized down to the local level in order to provide opportunities for people's participation in development including co-operatives.

**Tanzania:** A country with one of the oldest experiences in co-operative development, the smooth growth of co-operatives was held back for 30 years by the central planning

policies. The co-operative movement is rising again with the financial co-operatives taking the lead. The primary societies are developing to be reliable business institutions that people can rely on at the local level. The government has put up a new policy, legislation and co-operative reform programme aimed at revitalizing the co-operative movement. The general legal framework is putting more controls on co-operative business, creating dilemmas for the movement which is supposed to be operating within a liberalized context.

## **Instruments for Cooperative Development Assessment**

It is recognized that whereas cooperatives have made significant contribution to socio-economic development in most African countries, formal systems for information gathering and data collection to authenticate this contribution has not been developed. This study therefore recommends a number of instruments that can be used for systematic assessment and tracking of the growth, development and impact of the movement. The four instruments would form a favourable ground for cooperative development in the areas of policy, legislation, good practice, and tracking and impact assessment.

## **Best Practices**

There are a number of best practices that were identified in the course of this study. These include the Pricing and Planning by Oromia Co-operative Union-Ethiopia, Fair Trade and Environmental Certification Kilimanjaro Native Co-operative Union (Tanzania), Mobilisation of Co-operatives to Build a Co-operative Bank – SASCCO (Swaziland), Integrated Co-operative System - Dunduliza Network of SACCOs (Tanzania), Providing Forum for Policy Evaluation – NASFAM (Malawi), Mentoring Support for Peer Organisation - Motswedi SACCO (Botswana), Poverty Alleviation through Insurance Service to the Poor – Co-operative Insurance Company (Kenya), Ethiopia and Botswana Government Officers are highly motivated and proactive in member-driven cooperative development, and Active Engagement in the Policy and Legislation Making Process-National Co-operative Housing Union (NACHU) – Kenya

## **Recommendations**

The recommendations in this report are at two levels. First are the general recommendations for the co-operative movement in the countries, and second are specific recommendations for ICA Africa Regional Office.

### **General recommendations include:**

- (a) *Mainstreaming Co-operatives into National Issues:* With the appropriate structures in place, co-operatives must in their own rights integrate themselves into structures through which they can actively engage on macro social and economic issues both at local and national levels, and be able to effectively contribute on national policy making.
- (b) *Redefining the Role of Government in Co-operatives:* The cooperative movement needs to enter into dialogue with respective governments in redefining roles and responsibilities



and work out ways and mechanisms through which the movement can take a more prominent role in processes such as mobilization, regulation and development.

- (c) *Creation of Vertical and Horizontal Integration:* Co-operatives should work towards harmonization and building of a cooperative house in each country, which will steer the development of cooperatives as strong business units able to respond effectively to challenges of competition. This will require cooperatives to create forums at country levels through which they can promote harmonious working relationships. Such forums should be driven by business needs and not necessarily through structures that perpetuate self-interests and power bases.
- (d) *Legal and Policy Frameworks:* Policies and legal statutes should be subjected to period reviews to ensure that they continue to promote member interests as opposed to being instruments of government controls, while at the same time taking into account the realities of the political, social and economic context of each country.
- (e) *Promotion of Cooperatives:* There is need to devise ways and means that will make the movement recognize that it is their primary responsibility to promote cooperatives and thereby develop collaborative arrangements with other stakeholders such as government, employer organizations, worker organizations, and non-governmental organizations. The cooperative training institutions could have a key role to play in this.
- (f) *Instruments for Assessment of Co-operative Development:* There is need to enhance documentation and management information within the cooperative movement in respective countries.

### **Recommendations for ICA Africa Regional Office**

- (a) *Research Intervention in West Africa:* A similar study should be undertaken in West Africa in order to have an encompassing picture of the contribution of Co-operatives in the Region. The research should cover similar subjects and issues as those covered in the East, Central and Southern Africa block.
- (b) *Development of Impact Measurement Instruments and Approaches:* A special action research to develop an impact tracking instrument and approach to assess the economic and social achievements of co-operatives in Africa should be undertaken.
- (c) *Extending the Enabling Environment Project into Critical Areas of Co-operative Development in Africa:* The current study has revealed that there are a number of critical areas that will need to be addressed in supporting the improvement of policy and legislative environment for co-operatives in order to make effective contribution to the socio-economic development in the region. Some of the areas could include:
  - ✓ Strengthening/Improvement of Communication Between the Government and the Co-operative Movement.
  - ✓ Reforming the Role of Government in Supporting Autonomous Co-operative Development in Africa.
  - ✓ Re-positioning National Apex Organisations.

# Background to The Study

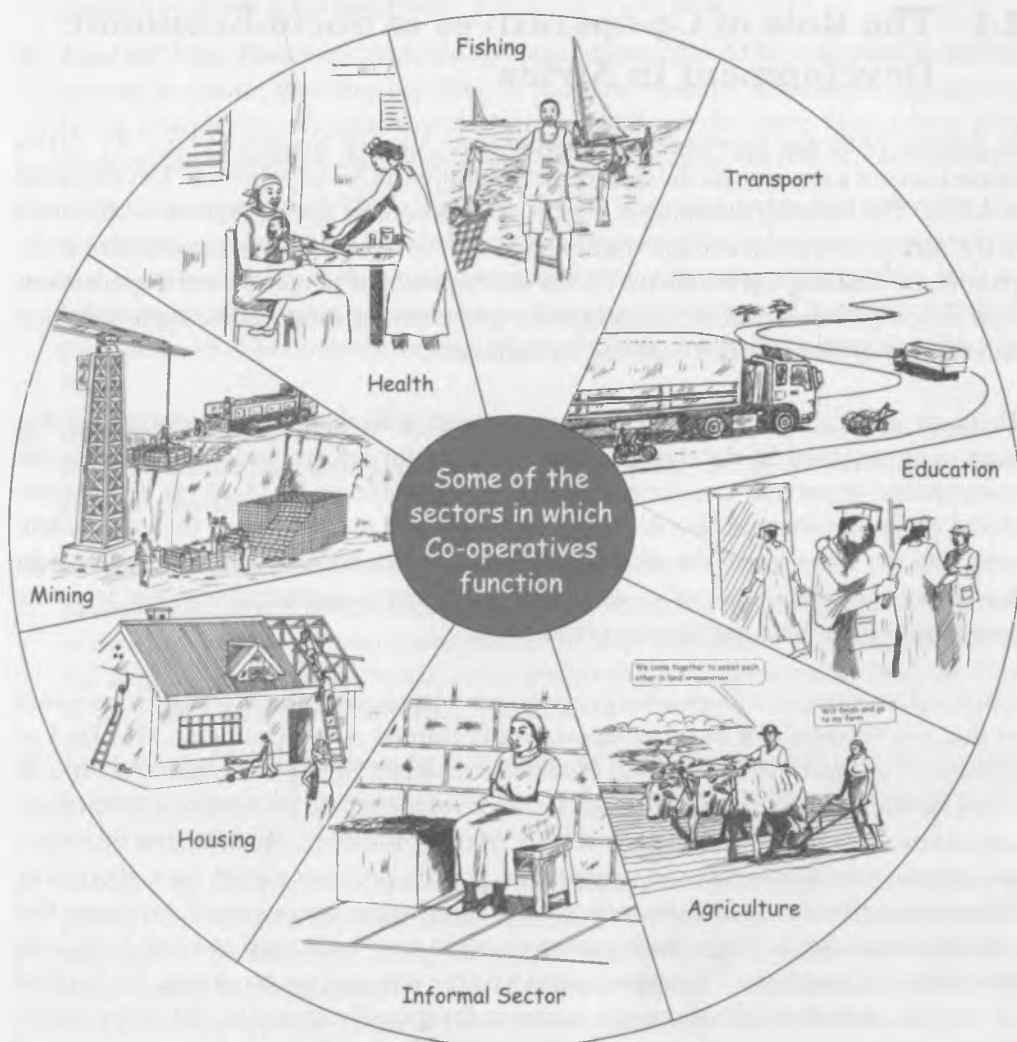
## 1.1 The Role of Co-operatives in Socio-Economic Development in Africa

In August 2006, the International Co-operative Alliance Regional Office for Africa commissioned a research on the Role of Co-operatives in Socio-economic Development in Africa. The research is coming at a point when economic liberalization has taken root in the African continent and governments are fully aware of their responsibilities in the creation of enabling environments for the development of people owned organizations such as co-operatives. But the challenges for governments, hinge on the right definition and context of the so-called enabling environment.

To many government authorities, autonomy and self-reliance of co-operatives, has been contextualised in the thinking that the need for reform and change, is for the co-operative movement out there, and not for the government. And yet, the current global economic changes also demand critical reforms on the part of the government itself. On the other hand, the awareness of the current economic realities, calling for autonomy and self-reliance of co-operatives, is still receiving mixed response from the co-operative members and their organizations.

There is the status quo attitude where co-operatives think government control is necessary so that any internal failure of co-operatives is blamed on government. This kind of attitude, is noticed when we see co-operatives maintaining the same old structures of doing business, where the focus of the tier structure, exists to strengthen intermediary organizational structures at the expense of primary societies. Maintaining this status quo creates conditions that may perpetuate poverty creation rather than alleviation. Primary societies are made to bear the cost of carrying the operations of structures that add minimal value to them. Such resources could have been used towards improving the welfare of members. The second attitude is the wait and see prognosis. In this kind of attitude, members still see co-operatives as functionally owned by the government. They are therefore not taking responsibilities of changing them, and are not prepared to take measures to control and manage them for their own benefit. The third scenario, is where we have active member-driven co-operatives, both at primary, secondary and tertiary levels but the optimal connectivity has not been worked out to see whether the said vertical structures, provide optimal economic achievement of full members benefits or not. The fourth aspect is the general weakness of external support intervention by

national and international partners. Most external interventions have historically been limited to the improvement of institutional performance and operating structures, than intervention on the environment, changing government policy, legislation and structures of policy making and legislation in the government system itself. All these scenarios set new signals on the relevance and adequacy of the co-operative enterprise in Africa. This study by the ICA, is addressing the need for intervention into the structures of both the government and the co-operative movement on one hand, and the need for the development of a new co-operative movement in Africa on the other. The study is based on the following set of realities:



First, co-operatives are business organizations, based on the plurality of achievements of economic and social goals for all members and not for a few individuals.

Second is the fact that co-operatives are dynamic organizations, responding to members economic needs. It is therefore imperative that their structures, common

bond, support systems and policy and legislation, will always change and attain new systems, totally different from the past and therefore subject to critical appraisal all the time. It is against this background that the study is carried out.

According to the Terms of Reference, the research covers the following units of enquiry:

- The role of co-operatives in the reduction of poverty.
- The role of co-operatives in employment creation.
- Member participation in the formulation of co-operative policy and law.
- The role of co-operatives in addressing cross-cutting issues of HIV/AIDS, the Youth, Gender and the Environment.
- The instruments of assessing co-operative policies and laws.
- Best practices in co-operative development.
- Institutional/Governance Models for secondary levels and/or apex co-operatives.



*ICA Staff Managing EEP*

Field studies were carried out in Botswana, Ethiopia, Kenya, Malawi, Swaziland and Tanzania. The analysis of the gathered information from the countries, however, will be used to make some informed general conclusions and recommendations on the role of co-operatives in the socio-economic development in the East, Central and Southern part of Africa.

## **1.2 The Mandate of the International Co-operative Alliance**

The International Co-operative Alliance (ICA) is an independent non-governmental association that unites, represents and serves co-operatives worldwide. Its objective is to promote, and strengthen autonomous co-operatives throughout the world. Through actions and decisions taken at international, regional and national levels, the ICA also seeks to promote and protect co-operative values and principles, facilitate the development of economic relations between its member organizations and enhance the economic and social progress of the members and their communities. It draws its membership from co-operative national and apex organizations. The General Assembly, Regional Assemblies, the Board, the Audit Control Committee and the President guide governance of the ICA.

In the Regional Assembly held in 2005 in Cape Verde, the two regional offices in Africa were merged into one, ICA Africa with the Regional Headquarter in Nairobi, Kenya. The process of restructuring has been on going with the West African office as a representative office until 2007. The project on Enabling Environment for Co-operatives under which the research study was formulated only covered the East, Central and Southern part of Africa. Therefore, members of ICA Africa that initially belonged to the East, Central and Southern Africa and their respective government departments of Co-operative, were consulted in formulating this research. The membership includes the following:

- Botswana Agricultural Co-operative Union
- Co-operative Bank of Kenya
- Co-operative Insurance Company of Kenya
- Coop Lesotho
- Mauritius Co-operative Union
- Namibia Co-operative Advisory
- Central Co-operative Union of Swaziland
- Tanzania Federation of Co-operatives
- Zambia Co-operative Federation
- Credit Union and Savings Association of Zambia.

Regional Assemblies made up of board members representative of the membership form this bi-annual forum that makes all decision and oversees the functions of ICA.

A key role of ICA Regional Office in Africa is to promote dialogue between governments and leaders in the co-operative movement by creating fora for discussion on pertinent issues affecting co-operatives. One such forum is the tri-annual ministerial conferences involving government ministers and chairmen of national co-operative organisations and their executive officers.



*ICA staff and Board members at the Regional Assembly 2006 in Arusha, Tanzania*

# Conceptual and Theoretical Discussion

## 2.1 The Co-operative Movement in Africa

The advent of liberalization and market competition demanded a more planned restructuring of the African economies as well as institutions. As it has been the case, both the economies and institutions, have been slow in making the changes demanded by the global economy. The co-operative movement was no exception. It was caught unprepared by liberalization and could not easily compete in the market place. In order to articulate the impact of market liberalization on co-operatives; we must first make a clear understanding of what is a movement, its nature and characteristics.

In theory, a movement is a large network of units of individuals and institutions based on similar ideals and beliefs and claiming same rewards and obligations on a national or international scale. According to Carlsson; (1992) a movement is qualified as such, following two important conditions; one, is the units forming it, are well connected to each other by clear principles and contracts. The units also collaborate systematically. The shape of collaboration of the individual units, is both horizontal and vertical. Horizontally, the units know each other and they work together on clearly defined principles. They are vertical because they are organized to advance their claims at the national and international levels.

Second, is the character and process of the connected units, they could be collective or distributive, but organized under one form of national or international leadership (Carlsson op cit).

A movement is collective when the units aim at claiming and bargaining for their national and international rights and obligations. A collective movement has the internal dynamics and the objective to expand and grow, because it draws its strengths from a large population of membership.

The distributive type of movement, is a network that is built by the convenience of a central power or possibility. Under this kind of movement, the network of units exists in order to access centrally distributed goods and services, taking the advantage of lower unit costs. Such a movement is devoid of information about itself and has no goal for expansion. But if it does so, the process is carried out by the centre and not the units who become even more ignorant of each other during the process of expansion.

The discussion about the co-operative movement in Africa has to respond to three types of questions; first is, whether the co-operative movement itself is collective or distributive. That is, whether the primary societies are horizontally and vertically connected with strong leadership at the national level. In this type of movement, the population of membership and quality of leadership are important. The larger the number of active members, the greater the weight of collective action. Or whether it is a distributive type of co-operative movement, built for the convenience of the government as a means of distribution of farm inputs and where the primary societies are not connected to each other and have poor knowledge of one another. In a distributive co-operative movement, the primary societies are promoted to serve the convenience of geographical access. They are spread out and are on the receiving end.

The second question is whether a collective type of movement can degenerate into a distributive movement and vice versa, or, can a distributive movement be re-designed to become collective? It is quite obvious that in human organizations and systems like the co-operative movement, depending on the policies, laws, capacity of membership and the capacity of leadership, a collective co-operative movement of a country may degenerate into a distributive one. For the same reasons, a distributive type of co-operative movement may be re-designed to become collective.

The third question is whether both the government and the co-operative movement in a country aim at the same type of co-operative movement or not?

The continued debate of whether co-operatives are independent and autonomous or controlled by governments is a reflection of the organizational contradictions of some contending perceptions between the government and the co-operative movement. Some government quarters feel that the movement must be controlled, but the forces in the co-operative movement want autonomy and collaboration with government. The middle ground is always clear when both the government and co-operatives work with each other as partners in co-operative development and have the same perceptions about the definition of autonomy of the co-operative movement and are willing to achieve the same autonomy objectively. This brings us to the next agenda on the status of co-operative government or state relations.

## **2.2 Co-operative and State Relations**

A genuine co-operative serves and survives on its membership (Carlsson: 1992). It is therefore the reproduction of new viable co-operatives with increased number of individual membership that creates the basis for sustainability of co-operatives in any country.

Given the economic and political conditions of the African continent, where the economic structures are weak and dependent on the global economic system, co-operatives need partnership with the government. But the nature and operationalisation

of such partnership is very critical for arriving at an independent and autonomous co-operative movement in Africa. Autonomy means the ability for self rule (advanced Dictionary: 2004) and independence means acting without undue interference from external forces in this case the government. Co-operatives therefore, are said to be independent and autonomous if they have created the capacity for self-rule and are running their own business, without undue interference from external parties be it government, donors or Non-governmental organizations. In developing countries, the co-operative movement and the government need each other. The question then, is how the collaboration is jointly designed to allow for both co-operative autonomy and government input at the same time.

There is however, one more question which should be answered and that is, if the co-operative movement and the government need each other, what do they actually want from one another? Co-operatives need education facilitation and enabling co-operative policy and legislation. On the other hand, the government needs a strong, viable and self-directed co-operative movement, which meets its obligations to its members and plays its role in poverty alleviation efforts to its members.

So both the government and the co-operative movement need a form of partnership that defines the ambitions stated above through equal partnership.

Then, who defines the equality of partnership between the co-operative movement and the government? Researchers in Management Sciences have defined the conditions for partnership as a process of developing the rules of enabling each other and self enabling. When it comes to co-operative – state relations, both the government and the co-operative movement must see each other as enablers of one another. Joint enabling is a process that is articulated in the participatory policy and legislation. It is joint formulation of co-operative policy and legislation, which will pave the way for the development of an autonomous co-operative movement, with more effective government intervention and collaboration.

Without deliberately creating this kind of cross-enabling environment, co-operative – state relations may fall into any of the typology of relationships presented in Table 1 below (Carlsson 1992):

**Table 1: Typologies of Co-operative/State Relationships**

<b>TYPE I</b>	<i>The state is not concerned with co-operatives, but generally influences the environment, using policies, and market –driven tools.</i>
<b>TYPE II</b>	<i>The state actively influencing the work and development of co-operatives through legislation, price regulations, fiscal policies assuming a supervisory role.</i>
<b>TYPE III</b>	<i>State actively initiating the formation of co-operatives, interfering with the continuous process that takes place between members and their co-operatives such as supervising the Annual General Meeting and Vetting candidates who should be voted for leadership. Here the state takes a controlling function.</i>





The three scenarios above are not consistent with the development of autonomous co-operative movement in developing countries. Type 1 is where the government is not concerned with any efforts put by the co-operative movement. If the movement dies or succeeds the government is not sensitive. On the other hand, Type 2 and 3 are also not desirable because the autonomy of the co-operative movement has been taken away by the government.

In the last two decades, criticisms on the nature of co-operative autonomy and independence have centred not on whether there is need for government – co-operative relations or not, but rather on the nature and extent of those relations. Looking at current co-operative policies and legislation, it is easy to see whether the current status of co-operative development in Africa is still the officially controlled movement or there are some degrees of autonomy. The results of this study will show signals of the typology of this situation.

There are two further issues on government – co-operative relations which should be considered; First, is whether the government as it is today in Africa, is a competent enabler of autonomous co-operative movement or not? Enabling co-operative development in Africa is a learning process both by the government and the co-operative movement alike. Experience has shown that different countries are at different stages of creating autonomous co-operative systems. The reality is that, even if the state wanted to control the co-operative movement, it would not have the financial and human resource capacity to operationalize such control.

Second is the challenge of promoting autonomous and independent co-operatives in the country. The argument here is whether promoting co-operatives, is an appropriate role for the government. But the answer here is that, in order to safeguard autonomy and independence of the co-operative movement, the co-operative movement should take a leading role in the promotion of new co-operatives. The role of government in this respect should be support for education resources, so that the movement can do the job.

Duelfer, (1973), argues that in a market economy, co-operatives are service than producer oriented. They provide services needed to strengthen the members economic position. In this case, the members form co-operatives because they need each other voluntarily, for mutual support, self-help promotion in order to negotiate their development vision.

He therefore describes four different models and roles, which may answer our question as to *who*, and how should genuine member driven co-operatives be promoted in Africa.

**Table 2: Models of Co-operatives**

1	<b>The Conflictive Model</b>	Co-operative types and their objectives are imposed by the government and members have no interest
2	<b>The Administrative Model</b>	Co-operatives are extensions of and agents of government carrying out government policies.
3	<b>The Complementary Model</b>	Co-operatives have a corrective function in an open market economy.
4	<b>The Educational Model</b>	The government accepts co-operatives as important elements of socio-economic development but according to which the government works with co-operatives through education encouragement, support, education and training of their members.

The educational model, works very well with the equal partnership type of government-co-operative relationship. Consequently, the promotion of genuine co-operatives, will be the responsibility of the co-operative movement. The national co-operative organization works with the government and the later supports the national organization through encouragement, education and training of its members. It is therefore quite imperative that while the government can support co-operative promotion campaigns, it is the co-operative movement that should take a leading role in the promotion, the debate on autonomy and how to build member-owned co-operatives in the country.

### 2.3 Co-operative Policy and Legislation

Internal solidarity and connectivity in the co-operative movement has considerably been eroded by liberalization and market competition. There is no question that in the current circumstances in Africa, the co-operative movement, needs strong leadership throughout its own ranks, locally, nationally and internationally.

On the government front, it needs enabling co-operative policies and laws. An overall observation and analysis of co-operative policies and laws in Africa, one observes a gradual process of change from more restrictive policies and laws to more accommodative government instruments. This gradual change is a product of dialogue at the national and international levels. At the local country level, individual governments have taken up the issue in stakeholders meetings and workshops, where some positive changes have been accepted over time. At the international level, the ICA has taken the issue as special agenda with the Co-operative Development Decade 1984-1994, in its regular tri-annual African Co-operative Ministerial Conferences. During these meetings, the issues of government-co-operative movement relations and co-operative policy and legislation have all the time been at the top of the agenda. All these interventions have shaped co-operative policy and legislation to attain more accommodative character as it is today than it was ten years ago. The obvious conflicting mixture between good intentions in co-operative development policy of promoting member owned,

autonomous co-operatives, is a positive move by governments in the right direction. When it comes to the co-operative Act, there are differences in the degrees of state control, but on the whole, the contents of the Acts are all moving towards the promotion of self-directed co-operatives.

## **2.4 Second Generation Co-operatives and Globalisation**

One of the tools of transformation of society (Henrick 1995) are people owned institutions in the country. Co-operatives are real agents of transformation because they are problem-solving people owned organizations. As economic institutions, they are also political, because they are more a means of achieving certain economic objectives through harmonizing power relations of economic control between the rich and the poor sections of society. As long as they are involved in the production and allocation of resources, they are political.

But the traditional approach and position of the co-operative enterprise system, has assumed exclusivity of a member-owned business organizations, protected against the ills of capitalism. Yet as businesses, they transcend class and national borders. With global competition, the co-operative enterprise is challenged by two major forces of the world economy:

First, the demand side of markets wants standardization and certification. When it comes to standards, consumers do not care whether the goods delivered on the world market, come from co-operative or non co-operative organizations. What they want are high quality certified goods and services. Co-operatives are also challenged by same standards of quality and even in the case of Fair Trade; there are very stringent standards that must be adhered to.

Second is the challenge of connecting cooperatives, locally, nationally and internationally. Gone are the days when the co-operative movement saw their own business as exclusive to the rest of the world. They may need to connect themselves with like-mind capital-based organizations. Co-operation among co-operatives must be sustained and expanded with this kind of linkage. Connecting with competent like-minded ordinary private organizations is also promoted through the concept of second-generation co-operative structures. These are structures that define contractual organizational partnerships such as joint ventures and joint enterprises. Traditional co-operators may argue that the joint enterprise may signal the death of co-operative ideals and identity, because through the joint enterprise, the private partners may start shifting gears to take over the co-operative organizations. But, to the contrary, the partnership is a planned organizational contract, attained through a negotiated process. Secondly, when co-operatives enter into such contractual arrangements, the member advantages are well projected in advance and used in the decision – making processes and thirdly, second generation co-operative arrangements assume solid capacity for negotiation on the part of the co-operative partners.

## 2.5 Education and Member Empowerment

The 8<sup>th</sup> ICA African Ministerial Conference held in Maseru Lesotho in September 2005, emphasized the critical importance of member empowerment as an integral part of co-operative development in Africa. Empowerment is a transformation process where control, power and authority are shared with particular groups of people in society where it was non-existent. It is a democratic process that creates opportunities for the majority of the population to take part in the decision-making processes on resource mobilization and allocation. In co-operatives therefore, member empowerment is a process where power and authority is shared between leaders and members. The members are given the opportunity to participate in business decisions on how the co-operative outcome is democratically distributed and shared among the members.

Henrick (1995) and Swift and Levin, (1995) all agree that there are two types of empowerment – subjective and objective. Subjective empowerment is where the individual person acquires the capacity to influence other individuals but cannot influence major changes in society. Objective empowerment aims at bringing about social transformation. It is structural and has a visible outcome of re-allocation of power and authority and widens the opportunities for shared resources and decision-making.

In the co-operative context, objective member empowerment is critically relevant, because it also goes with the collective concept of the movement and the educational model of government – co-operative relations. For co-operatives in Africa, the question is how we institute objective member empowerment in state influenced co-operatives. The easiest answer has been member education. Most countries in the region, have implemented member education programs through government departments and co-operative colleges with marginal change in co-operative performance. The reasons for dismal performance of member education are many, but three are critical in this study; First, member education is treated outside member empowerment processes. Member empowerment process, involves three major aspects (Henrick 1995); the awareness on the rights to access existing resources, rights and responsibilities to participate in the creation of resources and the right to participate in the elimination of inappropriate structures in the co-operative organization. In this way, member empowerment is not just attitude change, awareness or change of mind set alone, it must go as far as carrying out the actions of change or changing the real situation on the ground to improve access to power, authority and resources allocation by the members.

The second reason why co-operative education has failed in Africa is because the type of education did not give the co-operative movement the skills and methods to influence co-operative movement – government relationships and co-operative development policy at the national level. It did not produce strong leadership both at the grassroots and at the national level. A leadership that could influence the attitude of government officials and promote the search and sense for equality of partnership in co-operative development. The co-operative movement needs a leadership that would educate the government on the principles and values of co-operation so that there was



a more balanced relationship from subordinated co-operative leadership to equality of partnership with government.

But this kind of transformation is not without problems; the first resistance would come from government officials who feel it is their role to subordinate the co-operative movement. Second, is the weakness and incompetence of co-operative leadership, failing to articulate their role of educating the government about democratic governance and to take a leading role in the transformation process? Both the government and co-operative movement leadership need the willingness and the motivation to work together for a successful co-operative development.

The third reason on the failure of co-operative education is where the delivery methodology and content are not problem solving through empowering education (Kevin: 1995). One question that has been posed by Ira Shor et al (1994) is How one can promote critical democratic development among students or members who have learned to expect little from intellectual work and from politics?

Historically, co-operative education and training delivery by training institutions in Africa, has faced three types of challenges:

*First*, it has been used as an instrument of maintaining the status quo of power and business relations, and not to change them. Co-operative education has been confined to the reproduction of official skills oriented management tools of Bookkeeping, Accounting, Financial management, Economics and Management. It has not produced the expertise in using information for member education, and for bringing change from subordinate to more partnership relations with other power centres in the country.

*Second*, Co-operative Education and Training has confined itself to lower levels: certificate and Diploma levels. These are Technical levels of education that produce professional technicians to maintain the status quo. They are not able to question the government or the co-operative movement when the co-operative movement performance is declining. Co-operative management training has to move to degree and higher levels so that we produce thinkers and designers of new forms of co-operative organization that responds to changes in the global economy. It goes beyond producing jobs seekers, but creators and occupiers of history as job creators. Thirdly, traditional member education has not been critical of the existing forms of relationships inside and outside the co-operative movement. It has prepared the members for submission to the culture of silence leading to NO ACTION (Ira Shor et al: 1994). Co-operative member education that is not emancipatory in the context of objective member empowerment but the banking of official knowledge about co-operatives in the minds of passive learning members.

One question, which must be answered by the co-operative movement across Africa, is why co-operative development and education have failed under government protection, supervision and control? In Israel, NGO s are 100% dependent on resources from the government (Nachiamis: 1995), but very critical to the same government. Co-operatives in Africa are not wholly dependent on government resources and yet they are totally subordinated to the culture of silence with little engagement with government.

# 3.0

## Terms of Reference and Methodology

### 3.1 Preamble

One of the projects currently being implemented by ICA Regional Office in the East, Central and Southern parts of Africa aims at contributing towards an Enabling Policy Environment for Co-operatives to play a greater role in Economic development and hence Poverty Reduction. The project referred to as EEP has been involved in the formulation and simplification of Co-operative Policies and Laws in a number of countries. Other aspects of EEP include enhancing the profile of co-operatives through Internet connectivity and the development of websites to communicate impacts, services offered and role of co-operatives at national and household level, and as a means of sharing information via email. The project encompasses the strengthening of co-operatives for advocacy and networking, and enhancing skills of leaders and managers in governance and lobbying for policy and legislative reforms. It is however still felt that there is need to strengthen the functioning of Co-operatives for greater impacts on socio-economic development in the region.

The ICA Africa Regional Office commissioned a team to undertake research aimed at generating information that will facilitate an enhanced understanding of Co-operatives and the role they can play in national and local economic development.

### 3.2 Objectives of the Research

The overall objective of the research was to undertake a study on the contribution and effectiveness of co-operatives in socio-economic development at local and national levels, with a focus on alleviation of income poverty and employment creation.

The study was guided by the following six specific objectives:

1. To assess the role, effectiveness and extent to which co-operatives have impacted on economic and social development at household level, community and national level; this refers to, but not confined to income poverty and employment creation.
2. Develop a framework and models for service delivery, governance and management for the national co-operative apex organizations that embrace co-operative principles whilst incorporating sustainability and impact.
3. Develop tools and parameters for the analysis of co-operative laws and policies which would lead to better formulation of co-operative policy and laws and effective amendments of existing ones.

4. Recommend a mechanism that establishes a mutually beneficial partnership between governments and the co-operative movement at country level and regionally.
5. Generate recommendations on how co-operatives can address crosscutting issues that include HIV/AIDS, gender, youth involvement, and the environment.
6. Document 1 or 2 best practices in each country, considering the various sectors of co-operatives e.g. Savings and credit, agricultural marketing, housing, welfare.

### 3.3 Research Methodology

This study used a number of research tools and approaches in accessing the information required to respond to the Terms of Reference. First the ICA Regional Office for Africa circulated notice inviting member countries to show whether they were prepared to participate in the study by providing research information and also indicating the priority issues they thought should be included in the study. A preliminary questionnaire was sent to 14 countries; out of which 12 have members of ICA and two (Ethiopia and Rwanda) are strongly affiliated to the EEP project (appendix 2a). Only eight countries responded to the questionnaire. The analysis of these eight responses is included as appendix 2b. The countries included in the study (Botswana, Ethiopia, Kenya, Malawi, Swaziland and Tanzania) were selected from the countries that responded to the questionnaire. In addition the need to have all clusters represented was considered, as well as the need to have the Least Developed and Developed countries following UNCTAD classifications. It is important to note that, the countries that responded positively were picked for the study except for Zimbabwe and Mauritius.

**Table 3: Basis of Selection of Countries for the Study**

Cluster	Countries sent preliminary questionnaire	Countries that responded	Category (UNCTAD Report)	Recommended choice
Horn of Africa	Ethiopia	Ethiopia	Ethiopia (LDC)	Ethiopia
East Africa	1. Tanzania 2. Kenya 3. Uganda 4. Rwanda	1. Tanzania 2. Kenya	Tanzania- LDC Kenya (DC)	Tanzania Kenya*
Central/Southern/ Landlocked	1. Zambia 2. Malawi 3. Zimbabwe	1. Malawi 2. Zimbabwe	Malawi (LDC) Zimbabwe (DC)	Malawi
Southern Africa	1. Swaziland 2. South Africa 3. Lesotho	Swaziland	Swaziland (DC)	Swaziland
Atlantic/Coastal/ Landlocked	1. Namibia 2. Botswana	Botswana	Botswana (DC)	Botswana
Oceanic/Island	Mauritius	Mauritius	Mauritius (DC)	**

\* Kenya is the host country for the regional office, and was also included on cost considerations.

\*\* Island state is a priority but ICA was still sourcing for funds.



**Countries Where EEP Research was Carried Out: Botswana, Ethiopia, Kenya, Malawi, Tanzania and Swaziland**

ICA Regional staff team in Nairobi discussed and evolved a research theme, scope, focus and broad framework with terms of reference, goals and objectives and type of research consultants required for the study. As soon as the research team was constituted a debriefing workshop formed the first step in the implementation of this EEP research. A two day workshop held with the researchers and facilitated by the manager Policy & Research co-ordinating the co-operatives' project referred to as EEP served to refine the methodology and TORs.

The issues included in the Terms of Reference and used in the development of research instruments were a result of the demand oriented preparation and process. Following were the key components of the process:

- The research team developed three instruments of data collection falling as unstructured guidelines to aid and guide our discussions with different respondents in the field. But the instrument carried focused questions specific to members of three target groups: Government officials, senior managers of co-operative organisations and leaders in the co-operative movement.
- Secondly, using the focused instruments, the team held interviews and focused group discussions in each of the countries visited. The team had three field days in each of the six countries.
- Thirdly, the team made use of documentary material as an important methodology for the research. The material gathered included a number of policy, legislation and program documents to corroborate with the interview reports.
- Finally, the research process in each country started with the government department as an entry point, followed by discussions and interviews in the co-operative movement. The fieldwork in each country was concluded with a wrap up meeting where this was possible.



# Current Status of Co-operative Development in Africa

## 4.1 Introduction

The 8<sup>th</sup> African Ministerial Conference that met in Maseru Lesotho in September 2005 discussed and deliberated on issues and strategies for co-operative development in Africa<sup>1</sup>. Although the coverage was mainly for East, Central and Southern Africa, the issues reflected the context of co-operative development in Africa. The issues discussed, were thematically based on the following; Policy and Legislation, Human Resource Development, Information, Communications Technology, Co-operative Structures, Co-operative Finance, Research and Development, and Concern for the Community. The main crosscutting issues covered in this study, of HIV /AIDS, the Youth, Environment and gender were also discussed at the conference.

When discussing on progress made in the last ten years, it was noted that slow progress was made at addressing most of the issues. Three main reasons were cited as creating constraints against co-operative development in the continent. First was the slowness in up-dating co-operative legislation so that current co-operative promotion and restructuring would go with current liberalization policies and macro-economic policies. Second, is the low development of use of information and communications technology. It was stressed that the connectivity of primary societies with technology, was a necessary condition for boosting member empowerment and education for entrepreneurship and co-operative business in general. Third was the issue of revisiting co-operative structures to make them more compatible with market forces and competitiveness.

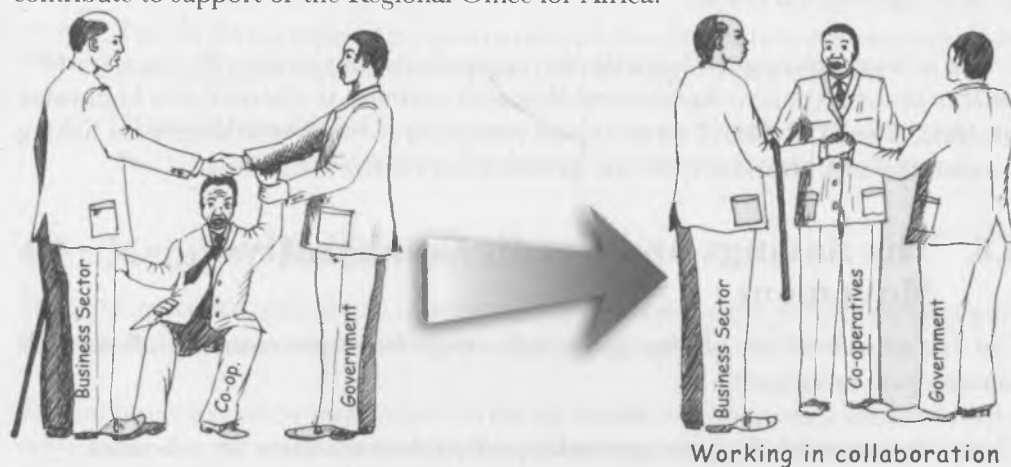
The conference summed up the main agenda for reshaping co-operative development in Africa into 11 areas which are outlined below:

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<sup>1</sup> The 8<sup>th</sup> African Ministerial Co-operative Conference was the last prior to this study and has therefore formed a basis of reference on the status of co-operatives in Africa.

## 4.2 Government and Co-operative Movement Relationship

It was observed that governments were fast in adapting to major changes that were taking place at the global levels. The movement was requested to introduce changes in the same speed by introducing fast restructuring. In order to support such expected changes, governments were urged to support the restructuring processes as well as contribute to support of the Regional Office for Africa.



## 4.3 Research and Development

There was consensus that research was necessary for redesigning the co-operative movement with new policies, legislation and contextualising it in the global economy. It was however, noted that, research funding was not forthcoming both from the government and the movement. It was strongly suggested that an ICA Regional Co-operative Research Fund be established for the member countries to benefit from design-based research activities. On the other front, higher-level training institutions were advised to develop movement and regional research programs.

## 4.4 Information and Communications Technology

The conference recognized that ICT development in the co-operative movement was marginal and implemented at a very low pace with little funding from the co-operative organizations themselves.

Three recommendations for future were made:

- ✓ The co-operative movement in each country should review its ICT programs and institute physical efforts to connect the movement through ICT systems.
- ✓ Countries should develop national ICT policies and cost effective ICT processes to avoid technological waste
- ✓ The governments and the donor community were requested to support co-operative related ICT programs and fundable proposals.

## 4.5 New Co-operative Business

Co-operatives and their members were commended for making discovery into new agricultural products entering the world market, as opposed to the known traditional crops such as coffee and cotton. Farmer members had turned to aloe vera in Lesotho and to vanilla in Uganda. The ICA Africa office was commended for introducing the AGROMAT network that promoted regional markets for all kinds of agricultural crops.

It was strongly recommended that the co-operative movements in each country collaborate with country Agricultural Research institutes to discover new high value products. The AGROMAT network was requested to develop strategies for linking co-operative organizations with new products to new world markets.

## 4.6 The Savings and Credit Co-operative Movement

The fast growth of the savings and credit co-operative movement in all member countries was recognised.

The conference made four recommendations for future action on the sub-sector:

- ✓ That the ICA-based MICRONET network, needed to work closely with the Moshi University College of Co-operative and Business Studies to promote the Distance Learning Professional Financial Co-operative Management Program, supported by the CIDA and DID of Canada.
- ✓ Research to link rural agriculture business with rural SACCOs.
- ✓ The ICA- Africa Office to make follow-up of the stand alone or atomised and the federated network models of SACCOs and their independent legislation.
- ✓ Ministries, governments and co-operative movements were requested to support the integration of salary-based SACCOs as a single network of financial co-operatives in Africa.

## 4.7 Training and Development

The conference was concerned that training needs analysis for the co-operative movement had not been carried out, yet the new global markets demanded the re-equipment of co-operative personnel and leaders with modern skills of conducting global and national business.

Recommendations for improvement called on the Human Resource Development institutions in the region to solicit funding from governments and the co-operative movement, for carrying out training needs analysis for all types of co-operatives. Secondly,

it was recommended that AGROMAT and MICRONET networks identify specialized training needs that could be addressed on a regional basis.

## 4.8 Co-operative Policy and Legislation

After reviews of co-operative policies and laws were complete, the conference made two recommendations on the issue:

- ✓ The need for a regional program to see to it that the instruments were translated into languages that were understood by the majority in a country.
- ✓ The need for governments to ensure that co-operative laws were enforceable with the co-operatives themselves developing instruments for good governance.

## 4.9 Member Empowerment

The conference recognized that member empowerment programs and processes were for the transformation of co-operatives to become genuinely member-driven.

The conference strongly recommended for the production of training material on the subject and they be made available at the primary society level. There was also need for the individual co-operative movements to institutionalise member empowerment for improving entrepreneurship and business development in general.

## 4.10 Co-operative Finance

The conference reiterated that internal finance and institutionalisation of the co-operative system through the SACCOs, co-operative banking and insurance, were critical instruments for co-operative autonomy. Such structures of finance allowed flexibility for design and gave co-operatives a competitive edge in financial markets.

Two strategies were recommended:

- ✓ The ICA-MICRONET to take stock of SACCOs operating organisational systems in Africa especially the atomised and the federated networks and share the experiences of each.
- ✓ Deliberate efforts were needed to build co-operative banking starting from the existing SACCOs movements.

## 4.11 Structure and Organization

Of all the member countries, it was Uganda that had carried out comprehensive review of their national structure. It was emphasized that restructuring had the advantage of introducing dynamism and pro-activeness for the movement to become responsive to the needs of the members.

The Ugandan experience also, had emerged with a new locally driven co-operative structure known as the Area Co-operative Enterprise, mobilizing shared services and making effective market interventions.

Three recommendations were made on restructuring:

- ✓ The national co-operative movements should take responsibility for restructuring keeping the centrality of members business on board.
- ✓ The ICA Africa Regional Office should take a leading role in supporting national co-operative restructuring processes.
- ✓ Governments were urged to support the restructuring processes through funding but ensuring that the restructuring was done by the co-operative movement itself.

## 4.12 Cross-cutting Issues

The conference noted that there were few mechanisms of integrating crosscutting issues (gender, youth, HIV/AIDS, and the environment) in the programmes and activities of co-operative movements in the member countries. Although governments had comprehensive programs and policies in each of these areas, the link between national government policies and programs with co-operative movement was weak.

The following strategies were recommended:

- ✓ National governments were requested to establish special funds for the integration of the Youth into co-operatives.
- ✓ HRD institutions should develop competence development programs to build the capacity of primary societies to conduct competent business.
- ✓ National governments to enhance efforts to link HIV/AIDS funding with co-operative programs.
- ✓ Governments and co-operatives to work on a common goal of environmentally friendly organic agriculture.

## 4.13 Emerging Issues

The current status of the Cooperative movement in the Africa region as seen by the ICA-Africa can be summarized as follows:

- (i) There have been more changes by the governments to prepare themselves for a new cooperative movement than the cooperative movement itself.

- (ii) Governments recognize that in order to set a new pace for the changes, there is need to change policies and legislation so that the cooperative movement makes more informed reference for the changes.
- (iii) ICT is needed in both the cooperative movement and the government alike, but very marginal strides have been taken by governments and the movement alike to integrate it in policy frameworks.
- (iv) As new cooperatives, co-operative policies and laws are being formulated to allow for liberalization and competition, the middle ground for progressive relationships between governments and the cooperative movement is becoming much wider. This allows co-operatives to generate more options for competitiveness, collaboration and autonomy.
- (v) Even though Research and Development is considered to be very important, both governments and the co-operative movement alike have not responded them to.
- (vi) Discovery of new business areas is important but it must be guided by national organizations assuming a leading role in connecting themselves with AGROMAT of the ICA, national agricultural research centres and governments.
- (vii) Financial co-operatives in the name of savings and credit are growing rapidly but the other sectors of financial co-operatives such as co-operative banks and co-operative insurance are not growing in the same magnitude. This will create a lopsided picture if the three are not integrated into comprehensive financial co-operative houses. It was recognized that more work at regional level needs to be done possibly through ICA MICRONET (a network of co-operatives and major organisations supporting co-operative micro-finance in the region).
- (viii) Member empowerment has been accepted as the engine for growth of the co-operative movement. But for member empowerment to forge ahead it needs solid cooperative education delivery mechanisms, solid co-operative education material and comprehensive national co-operative structures to allow for empowered membership to practice collective action.
- (ix) The development of new structures by the cooperative movement is important. But while the policy and legal instruments offer the logical framework of the structures they need the initiatives and motives of the national cooperative movements.
- (x) Crosscutting issues of HIV/AIDS, the Youth, Gender and Environment are making slow entry into the co-operative movement. To some extent, HIV/AIDS is seen as a complex issue that calls for international assistance always, and yet the devastation is at the local membership level. The other crosscutting issues are already in government policy framework but have not yet been articulated at the cooperative enterprise levels.



# Country Profiles

## 5.1 Key Data and Information

The key statistical data for the six study countries are presented in Table 4 below.

**Table 4: Key Statistical Country Data**

	<b>Botswana</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Malawi</b>	<b>Swaziland</b>	<b>Tanzania</b>
Land Area	581,730	1,112,000	582,646	118,848	17,400	940,000
Population	1.7m	74.7m	33.4 m	12.6m	1.1m	37m
Population growth rate	-0.04%	2.14%	2.57%	2.38%	0.23%	1.83%
GDP (USD)	23,391m pula	\$6.5b	\$20.2bn	\$17.4bn	\$2.8bn	\$10 bn.
Total coop Membership	92,191	4,5m	5.7m	***	43,141	1m
HIV/AIDS Rate	24.2%	3.5%	6.1%	14.1%	33.4%	6.5%

\*\*\*The information was not obtained in the course of the study.

## 5.2 Botswana

### 5.2.1 Background

Botswana is 581,730 square kilometres, with nearly 17% of it being protected wildlife area. It shares a border with Zimbabwe in the North East, the Republic of South Africa in the South and South West, Namibia in the West and North West and Zambia in the North. The population of Botswana is approximately 1.7 million people. The official language is English and the national language is Setswana. There are however other languages spoken throughout the country.



The main cities and populations per the 2001 census are, Gaborone (capital city with 186,007) Francistown (83023) Selebi-Phikwe (49849), Molepolole (54,561), Kanye (40628), Serowe (42444), Mahalapye (39719), Lobatse(29689), Maun (43776),

Mochudi (36962). Ethnic groups are Tswana (79%); Kalanga (11%); Kgalagadi, Herero, Hambukush, Basarwa (san), Khoi, whites (10%).<sup>2</sup>

A sparsely populated, semi arid country has an inner circle highway connecting all major towns and district hospitals which is completely paved, and the all-weather Trans-Kalahari Highway which connects the country to Walvis Bay in Namibia. A fibre optic telecommunications network has been completed in Botswana connecting all major population centres. Botswana has well developed system of schools with a pupil: teacher ratio of 25.8 in 2004. The literacy rate is 68.9%. The health facilities are well developed. However, the bed occupancy rate stands at 57.6%.<sup>3</sup>

### 5.2.2 Political

Botswana became independent from Britain on September 30<sup>th</sup> 1966. It is a multi-party democracy. Under the Botswana constitution which came into effect in March 1965, legislative power is vested in Parliament with executive powers vested in the president. Parliament is composed of three ex-officio members (speaker, attorney general), 57 elected members, and 4 specially elected members. Elections are held every five years. The Botswana Democratic Party has governed Botswana since 1966. Currently the ruling party has 43 elected members while the opposition Botswana National Front has 12 and Botswana Congress Party has 1. Botswana is administratively divided into five town councils and nine district councils. The Advisory house of chiefs represents the eight principal sub groups of the Batswana tribe and four other members are elected by the sub chiefs of four of the districts. Botswana has so far had three presidents. The first one died whilst in office, the second retired and the current one is serving a second and final term.<sup>4</sup>

### 5.2.3 Economy

Since independence, Botswana has had the fastest growth in per capita income in the world. Economic growth averaged over 9% per year from 1967-97. The government has maintained a sound fiscal policy, and a negligible level of foreign debt. Foreign exchange reserves were \$5 billion by December 2005. Poverty rate in Botswana is 30.3%.

Botswana has natural resources of diamonds, copper, nickel, coal, soda ash, salt, gold and potash. Agriculture contributes 2.1% of GDP (2004-05). The agricultural products include livestock, sorghum, white maize, millet, cowpeas and beans. The major exports comprise diamonds, copper/nickel, beef and textiles while major imports comprise food, vehicles, machinery and equipment, fuel, clothing and textiles.

Botswana is an open economy with guaranteed ownership of resources such as land and capital as the country practices a free enterprise economic system. The economic

2 <http://www.state.gov.bw>

3 Nations Online/Africa/Botswana

4 Botswana's country paper presented by Mr. L. Mogae in Bangkok Thailand in Dec 2005



policies of the country are geared towards achievement of Millennium Development Goals (MDGs) which would lead to the achievement of the country's Vision 2016.

#### 5.2.4 Cooperatives Sector

In September 2003, the Department for Cooperative Development relocated from the Ministry of Agriculture to the Ministry of Trade and Industry. The cooperative movement is organized on a three-tier structure. There are the primary societies, with provision for unions and the national apex body. Currently there is one functioning union, the Botswana Agricultural Marketing Cooperative Union (BAMCU) whose main objective is marketing of livestock from multipurpose and marketing cooperatives. In 1996, the co-operative movement came together to form an apex body. A committee was established to find out how it would operate. It was registered and a management team formed. The period between 1996 and 2002 was used for consultative meetings and drawing up of laws. The Botswana Cooperative Association was finally formed in 2002 after collapse of Botswana Co-operative Bank and Co-operative Union. To activate it, Pula 3 million had been set aside by government for loans. BOCA was therefore established with the functions of serving producer, consumer, and marketing credit co-operatives. It was expected to generate funds from the interest on the loan. However 2 years later, there was a budget shortage to meet expenses and the CEO resigned. BOCA office is currently closed. According to the cooperative department statistics on consumer, multipurpose, marketing, producer and savings and credit cooperatives, there were 150 registered cooperatives in 2002, with 92,191 members which was a decline from 2000(94,210). The cooperatives collectively held a share capital of Pula 4,132,698 with reserve funds totalling Pula 21,321,147. Investments in other organizations were Pula 2,420,898 while the total fixed assets were Pula 9,219,943 with current assets standing at Pula 151,295,035. The total liabilities were Pula 126,842,431. The cooperatives employed 713 people (307 male and 406 female). This number decreased from 777 in 2000 due to retrenchments.

### 5.3 Ethiopia

#### 5.3.1 Background

The Federal Democratic Republic of Ethiopia covers an area of 1,112,000 sq km with a population of 74,777,981 (as at July 2006)<sup>5</sup>. This makes it the second populous country in Sub-Saharan Africa. It is located in eastern Africa in the southern Red Sea region and borders Kenya on the south, Sudan on the west, Eritrea on the north, and Djibouti and Somalia on the east. It is Africa's oldest independent country but also one of the world's poorest. The capital city is Addis Ababa. It has five main ethnic groups where one third is Semitic (Amharas and Tigreans) with the remainder being Oromos, Somalis and Afars. Ethiopia's main resources are coffee,



<sup>5</sup> <http://web.worldbank.org/WBSITE/EXTERNAL>

hides, oilseeds, beeswax and sugarcane.<sup>6</sup> It has small reserves of gold, platinum, copper, potash, and natural gas.<sup>7</sup>The feudal economy persisted well into the 20<sup>th</sup> century and left the country underdeveloped with a big gap between the wealthy landowners and rural peasants. Ethiopia uses a solar calendar, which divides the year into 12 months of 30 days each, with the remaining five days (six in a leap year) constituting short thirteenth month.

At least 70 languages are spoken as mother tongues but several predominate. Most belong to the Semitic, Cushitic, or Omotic families of the larger Afro-Asiatic super-language family. The largest Semitic speaking groups are the Amhara, who speak Amharic, formerly the official language that is still quite widely used, and who constitute perhaps 25 per cent of the population; and the Tigray, who speak Tigrinya and account for perhaps 14 per cent of Ethiopia's people.

Education is free from primary through university level and is compulsory on the primary level between ages of seven and 13 years of age. Further education is a question of access to facilities; whereas a profusion of primary schools are scattered across the countryside, secondary facilities are found only in larger urban areas. The Education and Training Policy implemented in 1994 restructured the education system with the goal of improving the quality of education. The UNESCO report, in 2002, estimated that only 41.5 per cent of adults (49.2 per cent male, 33.8 percent female) in Ethiopia were literate.

In terms of health and welfare, Ethiopia ranks among Africa's and the world's poorest nations. In 2000-01, health expenditures per capita were estimated at US\$4.50, compared to US\$10 on average in sub-Saharan Africa. Overall there were 20 trained health providers per 100,000 people.

### **5.3.2 Political**

Ethiopia has a feudal system of government which has evolved from several eras of war and instability dating from the medieval times. The early modern times saw an era of reconsolidation and cultural flowering during the 17<sup>th</sup> and 18<sup>th</sup> centuries. Emperor Haile Selassie 1 introduced the Western-inspired reforms before the war broke out with Italy in 1935. After the war, the emperor pursued a policy of centralization, alongside changes in public sectors. In early 1974, the Derg took over and initiated a 17- year period of military rule. The Derg pursued a socialist agenda but governed military style. It nationalized rural and urban land and placed local control in the hands of citizen committees. It also devised controversial policies of peasant resettlement in response to another devastating drought in 1984-85 and of villagization, ostensibly to improve security. The Derg were defeated in 1991 by the Ethiopian People's Revolutionary Democratic Front (EPRDF) which set up a provisional administration in Addis Ababa under the TPLF leader Meles Zenawi. In 1993, Eritrea got their independence from Ethiopia. The constitution of the Federal Democratic Republic of Ethiopia was adopted

<sup>6</sup> <http://www.wvi.org>

<sup>7</sup> Library of Congress – Federal Research Division, April 2005



in 1994. On May 2005, the first openly contested elections in Ethiopia's history were held with some 35 parties vying for the seats.<sup>8</sup>

Ethiopia is divided into nine ethnically based states: Afar, Amhara, Banishangul/Gumuz, Gambela, Hareri, Oromiya, Somali, Tigray, and Southern Nations, Nationalities and Peoples. It has two special city Administrations: Addis Ababa and Dire Dawa. The states are subdivided into zones, districts and sub-districts.

Each of the nine states has its own parliamentary assembly, which elects representatives to the upper chamber of the federal parliament, the House of the Federation. Each has taxing powers and its own budget, but in practice the assemblies have to rely on the central government for funding.

### **5.3.3 The Economy**

Real GDP growth in Ethiopia was estimated at 8.9% in 2004/05 following an 11 per cent growth rate rebound in 2003/04. Before this, there was persistent drought. However, rising oil prices, a freeze in direct budget support, increased demand for imports due to fast economic growth, an ambitious infrastructure investment programme have strained Ethiopia's balance of payment situation. To maintain macro economic stability, government has delayed portions of its public investment plan. Pro poor spending increased from 39% of the budget in 1999/2000 to 54% in 2005/06. Reaching the Millennium development targets remains challenging. Accelerating progress toward the MDG will require large increases in official development assistance, but even more crucially, it will demand an enhanced institutional capacity building and governance reform agenda that will allow effective scaling-up of service delivery in a transparent and accountable manner.<sup>9</sup> This has a close bearing to the role of cooperatives in economic development and the requirements for capacity building and effective service delivery.

#### **5.3.3.1 Economic activities and trade**

Agriculture is the main economic activity in Ethiopia. All land belongs to the government. Ethiopia is a major exporter of coffee, accounting for 60% or more of average annual export earnings. The National Bank of Ethiopia estimated the exports by value as coffee, US\$174.7million; leather and leather products, US\$74 million, Chat, US\$61 million; oil seeds, US\$30.7 million; and gold, US\$28 million. In 1999-2000 total exports were valued at US\$486 million while in 2002-03 it was US\$468 million dollars.

Imports usually consist of consumer goods, US\$468 million; transport, industrial and agricultural products, US\$445 million; fuel, US\$292 million and semi-finished goods, US\$284 million.

8 Library of Congress – Federal Research Division April 2005

9 World bank country brief on Ethiopia updated in June 2006

Because of the need to import large quantities of food and the lack of high value exports, annual deficits in the merchandise trade account have exceeded US\$1 billion since the late 90s. The deficit for 2002-03 was estimated at US\$1.5 billion per the National Bank of Ethiopia statistics<sup>10</sup>.

### **5.3.3.2 Ethiopia s poverty reduction strategy**

The first expression of poverty reduction strategy, called the Sustainable Development and Poverty Reduction Program (SDPRP) was completed by the government in 2002. The program was developed through a participatory process and identified its core objectives as reduction of poverty through enhancing rapid economic growth, while at the same time, maintaining macro economic stability.

A new five-year strategy, known as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) has been completed by the government and was endorsed by the House of People s Representatives in May 2006. The plan focuses on eight pillars: (i) commercialization of agriculture and promoting much more rapid non-farm private sector growth; (ii) geographical differentiation; (iii) population; (iv) gender; (v) infrastructure; (vi) risk management and vulnerability; (vii) scaling up service delivery to reach the MDGs; and (viii) employment. There is important emphasis on good governance, with plans to accelerate local empowerment among other areas.

Aside from waterpower and forests, Ethiopia is not well endowed with energy sources. The country derives about 90% of its electricity needs from hydropower, which means that electricity and agriculture is dependent on abundant rainfall. Ethiopia relies heavily on forests for their energy and construction needs which have resulted in deforestation of much of the highlands in the last three decades.

The services sector, aside from wholesale, retail trade and transportation, consists almost entirely on tourism.

In 1974, the military government nationalized all private banks and insurance companies, leaving retail banking in the hands of Commercial Bank of Ethiopia. Since the mid 90s, Ethiopians were permitted to establish private banks and insurance companies once more and by 2002-03, the six largest private banks controlled some 20% of the loan market. Foreign owned financial institutions are not permitted

Radio and television are under the control of Ethiopian government.

### **5.3.4 Cooperatives Sector**

The history of modern cooperative promotion in Ethiopia dates back to the 1960 s. During the reign of Emperor Haile Selassie, there were 116 cooperatives mainly engaged in marketing of members produce with a few savings and credit cooperatives established in and around big cities. The feudal system favoured only landowners to be members of these cooperatives. It was then that the principles and values of

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<sup>10</sup> Library of Congress-Federal Research Division April 2005





cooperatives were recognized and introduced. During the Imperial ruling period, the modern farmers cooperatives came into existence mainly to undertake commercial agricultural production for export. The cooperatives decree No. 44/60 and cooperative proclamation No. 241/66, served as legal framework for the cooperative movement.

It was only after 1974 revolution that there was a strong expansion of cooperatives. Various types of cooperatives like Agricultural producers and service, Artisans, saving and credit etc. were formed in this period.

The Derge government enacted a new law in 1978, Proclamation No.138/78 indicating that cooperatives are formed to enhance the socialist transformation of the economy. The traditional international principles and values of cooperatives were violated in favour of promoting the socialist ideology throughout the rural Ethiopia using cooperatives as a means of attaining its objectives.

By 1990, there were 3723 producer cooperatives with 302,653 members, and 4052 service cooperatives with 4.5 million members. In the same year, with the adoption of the Mixed Economy policy, nearly all-agricultural producers cooperatives were dissolved.

By 1991, following the change in government, the cooperative movement found itself at crossroads. Society in general and members in particular, were disenchanted and did not want anything to do with cooperatives since they perceived cooperatives as socialist institutions and instruments of state oppression.

In 1994, the new government enacted a new cooperative law (proclamation No.85/1994 that aimed at restructuring the Agricultural service cooperatives in line with a free market economy which helped the movement operate according to internationally accepted principles.

In 1998, cooperative proclamation 147/98 was enacted to promote various types of cooperatives throughout the country.

Currently, there are 14423 registered primary cooperatives and 104 cooperative unions with a total membership of 4,513,718 (3,889,033 male and 624,690 females). Out

of the registered cooperative unions, there are 83 agricultural multipurpose, 5 coffee marketing, 3 fruits and vegetables, 8 savings and credit, 1 each of milk marketing, sugarcane marketing and mining and 2 livestock marketing. Out of the 104 unions, 40 are in Oromia, 26 in Amhara, 19 in SNNP, 17 in Tigray, 1 in Addis Ababa and 1 in Benshangul. The five year development plan (2005-2010) of the Federal Cooperative Agency proposes an increase of primary cooperatives from 14423 to 24677, cooperative unions from 104 to 646 and the establishment of 6 cooperative federations and one cooperative league.

A cooperative bank was established in Oromia region in 2005. It has opened 7 branches in different zones of the region. According to the National strategic plan, there is an ambitious plan to establish two additional cooperative banks by 2008.<sup>11</sup>

## 5.4 Kenya

### 5.4.1 Background

Kenya covers an area of 582,646 sq km. It borders the Indian Ocean and Somalia to the east, Tanzania to the south, Uganda to the west, Sudan to the northwest, and Ethiopia to the north. It shares the Lake Victoria waters with Uganda and Tanzania. Approximately 80 percent of the land area of the country is arid or semi-arid and only 20% is arable. The country is divided into eight administrative provinces including the capital city, Nairobi. The provinces are further divided into 72 districts with a proposal to divide the districts further to a total of 108.



Kenya has an estimated population of 34 million of which 65.2 % live in the rural areas<sup>12</sup>. The major cities and towns are Nairobi with an estimated population of 1.5 million, Mombasa (403,000), Kisumu (185,000), Nakuru (163,000), and Eldoret (105,000). The average annual population growth rate is 2.4% (1997-2003). It is estimated that 52% of the population are women, and 50% of the people are below the age of 15. The life expectancy is currently below 50 years, with the average for males being 49.8 years for females 51.9 years<sup>13</sup>. The maternal mortality rate is 59/1000 live births, infant mortality is 75/1000, and under 5-child mortality is 117/1000. The adult literacy rate is 77%, (male 86% and female 69%).

### 5.4.2 Political System

Kenya gained independence on 12<sup>th</sup> December 1963 and became a Republic on 12<sup>th</sup> December 1964. It became a de facto one-party state when the main opposition, Kenya Democratic African Union (KADU) dissolved itself soon after independence and joined the Kenya African National Union (KANU). In 1982, Kenya became a de jure one-party state with the Kenya African National Union (KANU) as the sole legal

11 Cooperatives in Ethiopia-an overview by cooperative department- 2006

12 Republic of Kenya: 1999 Population and Housing Census Volume 1.

13 World Health Organisation: The World Health Report – <http://www.who.int/entity/whr/en>

party. This was repealed in 1991 and multiparty democracy was again restored. KANU ruled the country from independence in 1963 until 2002 when a coalition of parties, the National Rainbow Coalition (NARC), won the elections. This ushered in a new administration with a promise from the NARC government to rid the country of poor governance and improve the living conditions of the people. The NARC government consequently launched the Economic Recovery Strategy for Wealth Creation (2003 to 2007) in June 2003 as a blue print for development, in the context of a vision for up to 2015. The government has subsequently launched the vision 2030 aimed at transforming National Development.

Kenya is governed through a democratically elected central government elected every five years. It follows a Presidential Parliamentary political system where the president is both the head of state and head of government. The country has a unicameral National Assembly consisting of 222 members of whom 210 are elected by popular vote and 12 are nominated for a five-year term.

The country now has over 40 political parties. In addition, with the advent of political pluralism which has created increased space for freedom of speech and association there have been a growing number of political pressure groups in areas of human rights, labour unions, religious groups and both local and international non-governmental organisations.

Kenya has remained relatively stable and peaceful even though serious ethnic conflicts experienced in the two election years since the onset of multiparty democracy (1997 and 2002) remains one of the major challenges to this stability.

### **5.4.3 The Economy**

Kenya registered remarkable economic growth in the first two decades after independence with an average growth rate of 6% between 1964-1980. However the period since 1980 experienced a consistent decline with the average growth rate of 4.1% between 1980 and 1990. The declining trend continued further in the period 1990-2002 with the average growth rate estimated at 1.9% against a population growth of 2.9%. Since 2003, with the government efforts to get the economy back on track, the trend has seen a reversal with a growth rate of 5.8% registered in 2005. The major challenge for the government is how to consolidate and increase this in the long-term.

Kenya has a free market economy following liberalisation in the early 90s. Kenya's economic performance has consistently weakened since the 80 s mainly due to the mismanagement of the economy and rampant institutionalised corruption. The economy which relied on several primary goods whose prices continued to decline in the world markets had been characterised by declining per capita income, increasing unemployment and a situation where over 56% of the population live in absolute poverty. An economic reform programme (Structural Adjustment Programmes) initiated by the government in 1993 did not improve the situation but instead added

to the adverse effects on the economy with increased lending rates, retrenchment of staff in both public and private enterprises, high unemployment rate and high poverty levels.

The launch of the Economic Recovery Strategy for Wealth and Employment for the period 2003 to 2007, sought to put in place strategy for economic recovery based on two principles; democracy and empowerment of the people. The economy has since then shown signs of recovery with GDP growth rate of 2.8% in 2003, 4.9% in 2004, and 5.8% in 2005. The growth for 2006 is projected at over 6.0%.<sup>14</sup> Most sectors of the economy have experienced growth with pronounced growth in manufacturing, construction, wholesale and retail trade, repairs, tourism and hotels, and transport and communication. The challenge to economic growth continues to be poor infrastructure, low foreign direct investments, terrorism threats and related insecurities, rampant unemployment, poverty, unsustainable external and internal debt, high levels of crime, and high dependence on donors.

Kenya remains largely an agricultural country with rural areas forming the base for more than 70% of the country's national output. Agriculture also caters for 70% of the labour force. The two important activities in Kenya's rural economy are: farming (comprising crops, livestock and fisheries), and the informal sector services (which includes micro and small-scale enterprises). The country has since independence relied heavily on the agricultural sector as the base for economic growth, employment creation and foreign exchange generation. The sector is also a major source of off-farm employment, through provision of raw materials to the manufacturing and food processing sectors. It provides nearly all-national food requirements and accounts for 24.2% of the Gross Domestic Product (GDP)<sup>15</sup>. Whereas agriculture contributes only 18% of the formal wage employment, it is estimated that it provides 62% of employment.<sup>16</sup> Manufacturing accounts for less than 10% of GDP and less than 2% of employment while services account for the bulk of economic activity at about 52% of GDP.

Kenya has a labour force of about 11.5 million people, with about 500,000 people joining the labour force each year. Agriculture and informal sectors remain the major contributors to employment creation in Kenya and majority of the people who live in the rural areas depend on agriculture as their principal means of livelihood.

The collapse of infrastructure (including roads), the high cost of utilities including electricity and telephones, the high level of corruption and bureaucracy has made the cost of doing business in Kenya much more expensive compared to other countries in the region. The poor state of the road infrastructure has been identified as a major constraint to economic and social development. A survey of classified road network in the country which covers 63572 kms revealed that only 18% of the classified network

14 Central Bank of Kenya Monthly Economic Review Reports

15 Republic of Kenya: Economic Survey (2006) - Central Bureau of Statistics

16 Kenya Sugar Board: "*Report on Sugar Supply & Demand through 2007*" (2004), Nairobi by Perc-Pace



is in good condition is in good condition, 49% in fair condition while 33% is in poor or failed condition.<sup>17</sup>

#### 5.4.4 The Co-operative Sector

The history of co-operative movement in Kenya goes back to 1908 when European settlers in the Rift Valley Region started Lumbwa Farmers Co-operative Society an agricultural co-operative society<sup>18</sup>. In 1931, the co-operative societies ordinance became law and the Kenya Farmers Association Limited (KFA), which was started as a company in 1923, became the first to be registered under this new law. Soon after World War II, the indigenous Kenyans began to grow cash crops such as coffee and tea, and formed co-operatives as predecessor in western, central and eastern Kenya. The colonial government showed interest in the co-operatives and began investigating the possibilities of organizing African farmers into marketing co-operatives. In 1945, a new co-operatives ordinance was enacted leading to the appointment of a commissioner of co-operatives in 1946. The liberty that was extended to Africans to form co-operatives led to the emergence of district co-operative unions. Among the first ones included coffee co-operatives in Kisii, Meru, Embu and Taita (key coffee growing areas then). By the early 1960s there were 600 primary co-operatives in the country. The new Government passed an Act in 1966 that reformed the movement slightly by strengthening state control over them. The Kenya National Federation of Co-operatives (KNFC), an umbrella body for co-operatives was formed in 1964. By 1995, the co-operative movement was a key player, covering almost all sectors of the economy. There were 5,222 active co-operative organizations with 3.6 million active members and a turnover of Kshs 27 billion (about US\$ 345 million).<sup>19</sup> The co-operative sector accounts for 60% of the national agricultural production.<sup>20</sup> By 1998, the contribution by the co-operatives to the gross farm revenues was: 43 % for coffee, 6% for sugarcane, 38% for pyrethrum, 47% for cotton, and 85% for dairy products<sup>21</sup>.

There are a total of 10966 registered co-operatives of which 99 are Co-operative Unions, 4304 are Agricultural Co-operative Societies, 4678 are Savings and Credit Co-operative Societies, and 1885 Other Non-Agricultural Co-operative Societies.<sup>22</sup> The focus on growth of the informal sector as a major contributor to economic development has also seen the emergence of co-operatives in the informal and transport sectors. There is also the emergence of community based SACCOs as a means of providing financial intermediation mostly in areas that are not reached by the formal financial systems.

17 Republic of Kenya: Economic Survey (2006) - Central Bureau of Statistics.

18 [www.kenyaweb.com/economy/cooperat/index.html](http://www.kenyaweb.com/economy/cooperat/index.html)

19 Annual Co-operatives Census (Ministry of Co-operative Development) 1995

20 [www.kenyaweb.com/economy/coopera/index.html](http://www.kenyaweb.com/economy/coopera/index.html)

21 Republic of Kenya: Economic Survey (1998) – Central Bureau of Statistics.

22 Republic of Kenya: Economic Survey (2006) – Central Bureau of Statistics.

## 5.5 Malawi

### 5.5.1 Background

Malawi is a small landlocked country located at the southern end of Africa's Great Rift Valley. It covers an area of 118,484 sq. Kms. of which one fifth is occupied by Lake Malawi the ninth largest lake in the world. Malawi borders Tanzania, Zambia and Mozambique. The country is divided into three administrative provinces: Southern Region, Central Region and Northern Region. The regions are further divided into 27 districts. Malawi does not have many large towns, with the vast majority of its people living in rural villages. The major cities and towns are Lilongwe (233,000), which is the political capital of the country; Blantyre (332,000), which is the country's main commercial center; Zomba (43,000), which is the old colonial capital and home to Malawi's main University campus. Other major towns are Mzuzu and Karonga.



Malawi has an estimated 12.6 million is one of the most densely populated countries in Africa. It is estimated that 52% of the population are women and 48% are men. About 90% of the population lives in the rural areas. The average annual population growth rate is 2.38% (2006est). The life expectancy at birth is 41.7 years (male 41.93 years and females 41.45 years). The literacy rate is 62.7% (male 76.1% and female 49.8%).

### 5.5.2 Political System

Malawi was established in 1891 as a British Protectorate of Nyasaland and became independent in 1964 and Dr. Hastings Banda, leader of the Malawi Congress Party (MCP), became the country's first post-colonial prime minister. By 1967 Malawi was a one-party republic under the leadership of Banda, who was named president in 1966. Under intense international pressure to reform the political system in Malawi, President Banda held a referendum in October 1992 that resulted in the return of multiparty politics. The 30-years of one-party dictatorial rule of President Banda formally came to an end in 1994 with his electoral defeat to the United Democratic Party (UDF) candidate, and former cabinet minister, Bakili Muluzi. President Muluzi was reelected in 1999 to a second five-year term. Attempts in 2002 by President Muluzi to abolish the two-term limit written in the constitution in an effort to participate in the elections scheduled for 2004 failed. This led to the election of Bingu wa Mutharika as the third President of Malawi in May 2004.

The country has a unicameral National Assembly consisting of 193 members who are elected by popular vote to serve for five years. The President is both the Head of state and the head of government. The country has over 14 political parties.

### 5.5.3 The Economy

Malawi is ranked as the sixth poorest country in the world with a Gross National Income per capita of US\$ 170. An estimated 65% of households live below the

national poverty line. The economy is predominantly agricultural, and for a long time the estate sub-sector has been the principal producer of export crops while the majority of the people who form the smallholder sub-sector have basically produced food crops for subsistence. The arable land is only 20.68%. In 2005, agriculture accounted for nearly 36% of the GDP, 80% of the export revenues, and over 80% of the labour force. The major cash crops are tobacco, tea, sugar, cotton, coffee and peanuts with tobacco making up to 60% of exports. Agriculture supports about 85% of the population, employs about 80% of the labour force and accounts for 90% of the foreign exchange earnings.<sup>23</sup>

Malawi's economic growth has been erratic for the past 20 years. The economy grew by 0.77% from 1990 to 1994 and by 7.4% from 1995 to 1999. The growth rate was 0.8% in 2000, minus 4.1% in 2001 and stagnant in 2002. With inflation that has been very high and unstable, an exchange rate that is volatile and unpredictable, and real interest rates of over 30% has not created an environment that encourages investment. The Malawi's economy depends on substantial inflows of foreign aid, especially for famine and drought relief. The country has qualified for debt relief under the scheme for heavily indebted Poor Countries with the World Bank cancelling half of its debts in 2000.

Some of the major challenges facing Malawi government include the development of market economy, improving educational facilities, recurrent droughts and environmental degradation, the rapidly growing population, limited natural resources, and the increasing number of HIV/AIDS cases.

Malawi is fraught with natural disasters. Droughts and floods are both common.

#### **5.5.4 The Co-operative Sector**

The history of co-operatives in Malawi dates back to the 1940s with the formation of Farmer Organizations, mainly under the influence of the colonial administration with the motive of incorporating the native Africans into the cash economy for purposes of boosting production and export of cash crops and to pay taxes. Most of the Farmer organizations formed were therefore producer based. The legal framework to support the development of co-operatives was provided through the Co-operative Ordinance Act of 1946. The first phase of development of co-operatives saw rapid rise of Associations and Unions in areas of agricultural production, processing, marketing and general merchandising. A cooperative college was established in 1962 to address education and training needs of the cooperatives. However due to a number of factors including low levels of education and poor management, most of the cooperatives did not survive. However by independence in 1964, there were about 181 registered cooperatives with a membership of about 48,000. These were not all agricultural cooperatives; some were consumer cooperatives while others were savings and credit cooperatives.

<sup>23</sup> Poverty Reduction Strategy Paper for Malawi (July 2001).

After independence cooperatives were disbanded in favor of state enterprises such as the Agricultural Development and Marketing Corporation (ADMARC). Savings and credit societies are the only cooperatives that were allowed to exist since they posed no threat to the government owned structures. These SACCOs filled the gap that left by commercial banking system through the provision of personal and business loans to the majority of low-income individuals with little or no collateral. In 1980, the Malawi Union of Savings and Credit Cooperatives Union (MUSSCO) were established as an apex body to coordinate and promote the development of SACCOs. The cooperative college was closed in 1966.

Cooperatives were re-introduced in the early 1990s and today the government and other development agencies recognize their existence and role and are actively involved in their promotion. However financial cooperatives (SACCOs) constitute the main feature of the cooperative movement in Malawi. The penetration of cooperatives in Malawi is still very low because of their history in the country. Cooperatives and in particular SACCOs are still associated with the poor and seen as the poor mans bank.

## **5.6 Swaziland**

### **5.6.1 Background**

Swaziland is a small South African country, bordering the Republic of South Africa in the west, North and Southern parts and Mozambique on the Eastern border. The country occupies an area of 17,000 sq kms with a population of 1.1 million people. According to figures provided by the World Vision, 47% of the population is under the age of fifteen years. Swaziland is a subsistent economy where very little output, is left for the market. With over 80% of the people, living in the rural areas, poverty is of high profile as 66% of all the Swazi people, live in absolute poverty earning USD 10 per month. According to World Bank and UNDP, 10% of the population controls 40% of the national wealth, and 40% of the population control only 14% of the national wealth.

The HIV/AIDS prevalence is recorded at 33.4%, making Swaziland, one of the countries hardest hit by the pandemic.

### **5.6.2 Political System**

Swaziland became politically independent from Britain in September 6, 1968. In 1973 under King Sobhuza ii, Swaziland held its first post independence. In the same year, the constitution was temporarily suspended and King Sobhuza assumed all powers by dissolving Parliament.

King Sobhuza died in August 1982 after reigning for 61 years. Queen Regent Ntobi, emerged as Head of state because her son Prince Makhosetive, heir to the throne,



was still young. In 1983, Prince Makhotosetive was enthroned as King Mswati III and in 1993, through democratic decisions; the Swazi people were allowed to vote for candidates for the National Assembly. Previously, they were endorsing names of candidates put forward by the chiefs.

The King is both the Head of State as well as the traditional leader of the people of Swaziland. Day to day government business is run by the Prime Minister, assisted by ministers. Swaziland is gradually becoming a constitutional Monarchy and still maintains its traditional character of leadership.

The vision of Swaziland is:

*“To build a truly Twenty First Century Kingdom of Swaziland culturally integrated and economically stable, prosperous and socially well organized with equal opportunities for all, irrespective of gender and responsibility from all.”*

### **5.6.3 The Economy**

The GDP for Swaziland is USD 2.8bn with an average estimated growth rate of 2.0% and population growth rate of 2.9%, making the country vulnerable to any external economic shocks. The agricultural sector is the backbone of the economy and largest employer. The sector however, contributes 15.7% to the GDP, with major products such as sugar, corn, citrus fruits, livestock, pineapples, tobacco, rice and peanuts. The industrial sector is composed of sugar refining, light manufacturing, wood pulp, textiles, processed foods and consumer goods and contributes to 35% to the GDP. The natural resources of Swaziland are; coal, diamonds, quarry stone, timber and talc.

The per capita income for Swaziland is USD 1553 measured in 2004. This income, qualified Swaziland as a lower, middle-income developing country, making it receive lower overseas assistance.

### **5.6.4 The Co-operative Sector**

Co-operatives were established in 1964. As An agricultural country, co-operatives started with agricultural supply activities. Co-operatives in the rural areas were more concerned with enhancement of productivity. In the year 1968, the Central Co-operative Union of Swaziland was registered to service rural primary societies with agricultural inputs and co-operative education. Over the years, the Central Co-operative Union of Swaziland saw the need for the supply of consumer commodities in the rural co-operatives. This introduced a new business structure of the agricultural co-operative society in the rural areas. The new line of business in consumer goods made the rural agricultural co-operatives become Multi-purpose co-operatives. A multi-purpose co-operative society is a co-operative that performs many of the functions needed by the members.

The Central Co-operative Union therefore opened consumer stores with agricultural co-operatives in the rural areas known as mini super markets. The emergence of

mini-super markets was followed by the introduction of other service demanded projects such as harmer mills as part of the multi-purpose character of the primary society. The Central Co-operative Union would carry out business with primary multi-purpose co-operatives in the supply of agricultural inputs, the supply of consumer goods and co-operative education.

The other types of co-operatives in Swaziland include the Savings and Credit co-operatives and the poultry marketing co-operatives. As such, the Swaziland co-operative policy and legislation sets up three types of apex organizations vertically linking the agricultural multi-purpose co-operatives, the fruits and vegetable co-operatives and the SACCOs at the national level respectively. The research team interacted with the SACCOs movement and the multi-purpose rural co-operative more than the poultry marketing co-operatives. The largest part of the SACCOs movement is employee-based and commanding one of the highest recorded number of membership per co-operative society in Southern Africa.

The other institutions in the Swaziland co-operative sector are what could be called the co-operative support organs. They are all government institutions. They include the government department of Co-operative Development in the Ministry of Agriculture and Co-operatives. The department is custodian of the Co-operative Act, registration and liquidation of co-operatives. It also deals with co-operative audit and supervision and general co-operative development. The Co-operative College of Swaziland offers co-operative education and training. The Swaziland Co-operative policy of 2003 institutionalised two more structures to support co-operative development. They are the Co-operative Tribunal designated to deal with co-operative disputes and arbitration, and the Co-operative Advisory Council whose aim is to provide co-operative advisory services as well as co-operative collaborative arrangements between the government and the co-operative movement in Swaziland.

## 5.7 Tanzania

### 5.7.1 Background

Tanzania is an East African country covering an area of 945,000 sq. km. The country is a united republic with the island of Zanzibar together, forming part of the United Republic of Tanzania. Tanzania mainland has a population of 34.57 million and Zanzibar s is estimated at 1 million people. Tanzania, though one of the least developed countries, is a country which has enjoyed political stability since it gained political independence from Britain in 1961. The country shares common borders with Kenya and Uganda in the north, Rwanda, Burundi and Democratic Republic of Congo in the west, Zambia in the South West, Malawi and Mozambique in the South and the Indian ocean on the eastern front.



## 5.7.2 Political System

Tanganyika got its independence in 1961 and Zanzibar in 1963 Tanzania is a republic United Republic formed in 1964. The country is administered ruled under the constitution of the United Republic. The government is headed by an executive President, who is assisted by the Vice President and the Prime Minister. Branches of government are similar to any republican state. They are the Executive, the Legislative and the Judiciary. Tanzania is Multi-political party country with 17 political parties with a universal suffrage at 18 years.

The country is divided in 28 regions with 21 in the mainland, 3 in Zanzibar and 2 in Pemba.

## 5.7.3 The Economy

Economically, the mainstay of the economy is agriculture. Agriculture contributes 46% of GDP (2004) and main products are coffee, cotton, tea, tobacco, cloves, sisal, cashew nuts maize, livestock, sugar cane, paddy, wheat and pyrethrum. Industrial manufacturing contributes to 8.8 % of GDP (2004) and main products include textiles, agro-processing, light manufacturing, construction, steel, aluminium, paints, cement, cooking oil, beer, mineral water and soft drinks. Tanzania s natural resources include hydroelectric potential, coal, iron, gemstones, natural gas, nickel, diamonds, crude oil potential, forest products, wildlife and fisheries.

Gross Domestic Product is USD 10 billion (2004), average growth rate of 6.7 and per capita income of USD 300 (2004) , cashew nuts, tobacco, cut flowers, seaweed, cloves, horticultural products, fish and fish products, minerals (diamonds, gold and gemstones), services (tourism services, communication, construction, insurance, financial services, computer economically, the mainstay of the economy is agriculture. Agriculture contributes 46% of GDP (2004) and main products are coffee, cotton, tea, tobacco, cloves, sisal, cashew nuts maize, livestock, sugar cane, paddy, wheat and pyrethrum

There have been progressive measures taken by the Tanzanian government to make the market economy function. With the assistance of the donor community, Tanzania embarked on structural adjustment programs since 1986. The programs were aimed at removing state control of the economy by divesting 335 of the 425 state institutions. The liberalization policies also encourage foreign investments and active participation of the private sector. It also included a comprehensive package of policies which resulted in reducing budget deficit, improved monetary control, floating the exchange rate, liberalizing the trade regime and removing price controls as well as easing out restrictions on food marketing free interest rates and restructuring the financial sector. The successful implementation of structural adjustment programs, liberalization of the economy and aggressive repayment of foreign debt, has granted Tanzania, the opportunity to qualify for debt relief under the enhanced Highly Indebted Poor Countries (HIPIC). Debts worth USD 6 billion were cancelled.

Despite all the restructuring efforts and although GDP growth rate has averaged 4% annually for the past five years and better than the previous 20 years, Tanzania continues to face the challenges of a small size and technologically weak economy.

Smallholder agriculture still dominates the economy with 46% contribution to the GDP, but subscribing to 80% of total employment. Although agricultural production has increased over the past few years as a result of liberalization policies, large amounts of crops do not reach profitable markets due to poor pricing, physical transport bottlenecks, weak value addition infrastructure resulting to low financial flows to small farmers and income poverty. The industrial sector of the economy is a typical characteristic of what is found in most developing countries, with a contribution to the Gross Domestic Product of less than 10% affected by poor power supply, foreign exchange shortages and a weak technological base, reducing capacity utilization at less than 30%.

The natural resource base for Tanzania offers potential opportunities for expansion of the industrial capacity of the country. This would have moved the country into a wage economy, getting more people into industrial and technological employment changing the whole scenario of income poverty. Consequently, the diversification of the economy, raising the industrial capacity, improvement of the technological and information base of Tanzania, requires new strategic initiatives of which the organization of the people of Tanzania as basic human capital is necessary.

Since 1997, the Tanzanian government has put on policies and policy frameworks addressing all cross-cutting national issues including gender, the National Environmental policy, The Youth Development Policy and the year 2003, the National AIDS Policy was put in place. It is important to note that the methodology used in rolling out the various policies, were participative, involving broad sections of the Tanzanian population.

#### **5.7.4 The Co-operative Sector**

The first co-operative society in Tanzania was registered in 1932, in the Coffee growing areas of Kilimanjaro, northern Tanzania. Since then, the co-operative movement in Tanzania has been law-driven. Historically the co-operative movement started with the marketing of cash crops especially coffee, cotton, cashew nuts, tobacco and pyrethrum. During the colonial era, co-operatives were few and their formation was based on the principles of economic viability. The control was strict because the colonial government wanted co-operatives only as enablers of people in paying taxes.

After independence, the co-operative movement was accepted as an integral instrument for economic development. As a result, co-operatives were promoted outside traditional cash crop areas to include even the food growing areas. The multiplication of co-operative societies and the shortage of good management capacity caused a number of policies, legislative and operational problems. The government tried to address the shortage of trained manpower problem, by establishing the Co-operative College



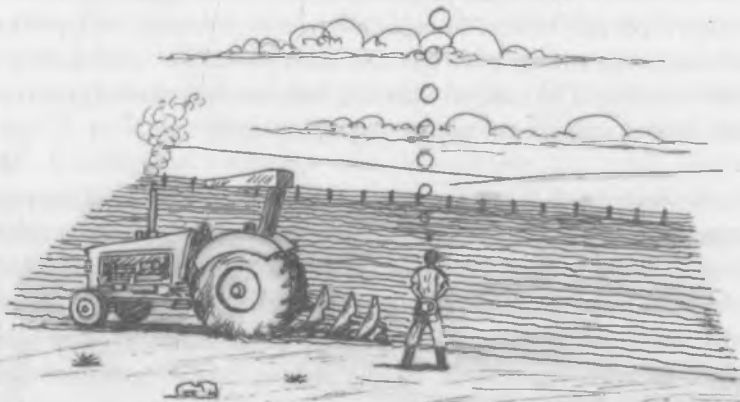
in 1963. The other operational problems were addressed through policy and law instruments.

The introduction of Central Planning and socialism introduced another phenomenon of co-operative management where co-operatives were seen as instruments of government policy. This kind of co-operative management invited a new dimension of problem areas including external control by the government, lack of committed membership and low level of management capacity. At the advent of liberalization in 1991, the debate on co-operative autonomy and efficiency emerged, challenging co-operative policy and legislation.

Currently the co-operative movement is active in agricultural marketing, financial services, housing and industrial production. The 1991 co-operative Act, tried to introduce member centred co-operation. But member education to sensitise members on their empowerment and control of the co-operative movement was drastically affected by lack of funding. And yet, in the year 2002 the government came up with a new policy and in 2003 a new law was enacted trying to support the development of free co-operatives member controlled and owned under conditions of competitively liberalized markets. The challenges of co-operative development in Tanzania fall into two major components; one on government policy and action in addressing the concept of member-driven co-operatives, but two is the capacity of the co-operative movement in addressing the co-operative problem using basic procedures of dialogue.

The co-operative sector is also composed of external support institutions under the government. They include the Co-operative Development which deals with policy, legislation and general co-operative development; the Co-operative Audit and Supervision Corporation for external audit of all co-operative societies in the country; and the Moshi University college of Co-operative and Business Studies which offers education, research and consultancy services.

Hmm!! I Took Only Four Hours. What An Efficient, Convinient Machine. Thanks To The Co-op Loan I Took. Owh!! Now The Rain Can Fall As It Wishes



Co-operatives  
make significant  
impact on peoples'  
lives

# Findings

## 6.1 Introduction

In this chapter, we present country findings of the study, on the basis of the Terms of Reference. First we make an outline of macro-economic issues for each of the surveyed countries, and then we look at the context of co-operative development, promotion, policy and legislation. We also look at the participation of co-operatives in policy and law formulation and co-operative structures. We finally look at the contribution of co-operatives in socio-economic development covering the critical aspects of poverty alleviation, employment, and crosscutting issues of HIV/AIDS, the youth, gender and the environment. For each country, we try to outline the emerging issues on co-operative development, to capture some of the current challenges calling for further analysis. The chapter concludes by looking at emerging scenario on what co-operatives have done in each of the study countries, and where co-operatives are currently sourcing key services for their operations and sustainability.

## 6.2 Botswana



### 6.2.1 Macro-economic policy context

The Cooperative Movement in Botswana was initiated by the Colonial Government prior to independence in 1962 with the promulgation of the Cooperative Societies Act of 1962. This legislation has continued to be amended to bring it to line with the prevailing socio-economic realities as the sole enabling legal framework for cooperative development in the country. The cooperative legislation was however, revamped in the 1980s resulting in the Current Cooperative Societies Act No. 5 of 1989 (CAP 42:04). In the vision 2016, the cooperative sector has not come out explicitly as a key sector. In 1990, there was a shift of emphasis in Cooperative Development with the Government encouraging promotion of producer cooperatives with a view to diversify the agricultural base as well as encourage more people to engage in productive and profitable agricultural activities. The revised national policy for rural development (Government Paper No: 3 of 2002) does not indicate how cooperatives will be involved in the overall rural development. More than half of the population lives in the rural areas and is largely dependent on subsistence crop and livestock farming. Agriculture meets only a small portion of food needs and contributes a very small amount to GDP – primarily through beef exports but it still remains a social and cultural touchstone especially with cattle keeping.

The revised rural development policy has implied contribution of cooperatives in rural development although it has not explicitly named them as actors. This is implied as part of the responsibilities under the Ministry of Trade and Industry. There is implied participation of co-operatives in the implementation plan, strategy and guidelines of the policy through the Ministry of Trade and Industry. The shift from the Ministry of agriculture to the Ministry of Trade and Industry shows the government effort to look for placement of the sector and the focus which would be more in trading and making the cooperatives business work. The government still maintains a control over the cooperatives as seen with government financing the apex body to facilitate loans to the cooperatives.

The government has a well-developed cooperatives department with skilled personnel who have undertaken training in cooperative management and development.

### **6.2.2 Cooperative Development context**

The cooperative movement in Botswana is organized on a three-tier structure mainly because of the small population and nature of economic activities. In the 1970s, there was phenomenal growth of agricultural marketing cooperatives especially the livestock marketing. Marketing and supply of inputs remained the main focus of the cooperative movement for almost two decades. The late 80s saw the emergence of institutional savings and credit cooperatives. In the 90s the focus turned to promotion of producer cooperatives with a view to diversify agricultural base. These cooperatives experienced many problems of capital, management and cohesion. The consumer cooperatives, which had been promoted, turned to supermarkets and this left the members disappointed and led to collapse of many of them. Most of the cooperatives are now struggling to come up with most of them having closed down. The livestock marketing cooperatives were especially hit by the collapse of the Botswana Meat Commission due to foot and mouth disease that had hit the country in the 80s.

According to the Commissioner for cooperatives, there are 650 co-operatives in Botswana with 81,000 members out of a total population of 1.3 m people indicating that cooperatives are still relevant even in the midst of all the problems. Membership in cooperatives declined in 2001(91,132 from 94,210) but increased in 2002 to 92,191. The greatest increase was in savings and credit societies.

The investment by the movement in other organizations decreased by 8% in 2002 largely due to liquidity problems in large Consumer Cooperative societies.

### **6.2.3 Promotion**

The promotion of cooperatives has mostly been done from the government. Cooperatives have been largely reactive towards the development of cooperatives. In the absence of a functional apex body, it is left upon the individual cooperatives to put in place measures geared towards their development. The cooperative days are usually used to encourage people to join cooperatives. The cooperatives also feel that they

need big numbers in the movement so that they can have a strong voice to be able to advocate for their concerns and influence government policy.

The government has a well developed cooperatives department in terms of trained personnel who have undertaken courses in cooperative management. This high skill level is an added advantage to the movement especially when used to create more autonomy and develop capacity of the movement. It can however also be a challenge especially when the movement itself is not able to tap into it and utilize it to develop themselves as opposed to government taking full control in their development without empowering them especially in the absence of a functional apex body.

The government is commended for putting together programmes for the cooperative movement but the movement needs to be more proactive in this endeavour.

#### **6.2.4 Policy and Legislation**

The revised cooperative development Act was put in force in 1989. The Act does not give the complete autonomy to the cooperative movement leaving a lot of decision and action with the Commissioner and the Minister. The Act gives the duties of a Commissioner as encourage the formation of cooperative societies by providing information on cooperatives principles and practice and by facilitating registration. It also gives the commissioner the role of training the members and employees. There are sections of the Act which cooperatives feel are limiting like the expenditure limit which requires approval from the Minister. The draft cooperative policy is in draft form. The process for the development of cooperative policy has been initiated by the government with support from ILO and ICA.

The cooperative development has mostly been spearheaded by the government and the cooperatives still look up to the government to make decisions for them and to guide the movement on their way forward. Involvement of cooperatives in policy and legislation has been minimal and guided. BOCA is a member of the Board/Executive Committee of ICA Africa with other members who are Co-operative Bank of Kenya as Chairman, Uganda Co-operative Alliance as Vice Chairman, FECECAM of Benin, FENACOP of Cape Verde and Ghana Co-operative Council. Co-operative Bank of Kenya is the Vice President representing Africa on the Global ICA (Geneva) Board/ Standing Committee.

It is therefore recommended that BOCA and any other national co-operative organizations be empowered and strengthened by their national governments in order to serve the interests of a growing and dynamic co-operative movement in Africa and to take active role in policy development and legislation making processes.

#### **6.2.5 Participation of cooperatives in policy and legislation**

There was participation in the making of the legislation. The question though was the level of participation. The cooperative policy is still in process. The cooperatives feel

that they have not been fully involved arguing that if the policy is for them, then they should be the ones guiding the process or in the forefront and not the government. The awareness level on the policy is low within the cooperatives.

## **6.2.6 Cooperative Structures**

Botswana has a three-tier system of cooperative movement with primary societies, provisions for secondary cooperatives (unions) and the apex body BOCA, which is not functional. The credit and savings cooperatives do not feel represented. While the need for an apex body is appreciated, the form and representation it will take remains a question. There is a general feeling that BOCA is more of a government creation and is not autonomous. There are minimal linkages horizontally within the movement. The vertical affiliation is limited in the absence of an active apex. Linkage with the cooperative department is mostly for audit and registration although training was also carried out. There are several outstanding audits and this has also led to poor performance of the societies.

Most of the cooperatives used to be affiliated to BOCA and duly paid the required subscriptions. The Cooperative Societies Act provides that societies, primary and secondary are free to form regional or sector specific unions and federations in order to strengthen their bargaining power. The revival of Botswana Savings and Credit Cooperative Association (BOSCA) is being discussed as an apex for the SACCOs to give them relevant representation, as their focus is different from the producer and consumer cooperatives. This will need to be critically evaluated in light of the promotion of the overall direction of the cooperatives as opposed to a sectoral approach.

The Cooperative Development Centre (CODEC), which is under the government cooperative department was established to develop the Cooperative Movement Human Resources and is making considerable contribution towards development of cooperatives in Botswana.

## **6.2.7 Contribution of cooperatives to socio-economic development**

### **6.2.7.1 Poverty alleviation**

According to the cooperative department statistics on consumer, multipurpose, marketing, producer and savings and credit cooperatives, there were 150 registered cooperatives in 2002, with 92,191 members which was a decline from 2000 (94,210). The cooperatives collectively held a share capital of Pula 4,132,698 with reserve funds totaling Pula 21,321,147. Investments in other organizations were Pula 2,420,898 while the total fixed assets were Pula 9,219,943 with current assets standing at Pula 151,295,035. The total liabilities were Pula 126,842,431.

From the cooperatives interviewed, there was general consensus that cooperatives were contributing greatly to poverty alleviation especially for the poor. Tracking of

the actual contribution was however not being done and verification could not be done. Although Botswana is a mineral country, many of the cooperatives are in the production and input industry. This has however not diminished the contribution being made by cooperatives to poverty alleviation.

### **6.2.7.2 Employment**

The cooperatives directly employed a documented 713 people (307 male and 406 female) in 2002. This number decreased from 777 in 2000 due to retrenchments. There has been a decline employment within the cooperative movement mainly due to reduced cooperative business. The biggest decline was in the consumer, marketing and producer cooperatives. The SACCOs are also one of the big contributors to employment.

Indirect employment has not been tracked yet this is where a lot of impact can be seen. It is more evident in SACCOs which give loans and which create employment in other sectors. The multiplier effect of the cooperatives on the employment creation is acknowledged but has not been captured. The data has however not been captured due to lack of tracking systems. This therefore affects the national statistics in that the real contribution of cooperatives to employment is not captured.

## **6.2.8 Cross Cutting Issues**

### **6.2.8.1 HIV/AIDS**

Findings indicate that Botswana is experiencing one of the most severe HIV/AIDS epidemics in the world. According to Botswana 2003 HIV/AIDS Surveillance data, the HIV infection rate among pregnant women aged 15-49 years was 37.4 per cent.<sup>24</sup> This is the productive age of the economy. The UNDP estimates that by 2010, more than 20 per cent of all children in Botswana will be orphaned.<sup>25</sup> Even with this high prevalence of the disease with those infected and affected, few of the cooperatives visited have put in place mitigation measures or HIV/AIDS policies in their cooperatives. One SACCO, Motswedi Sacco, was offering some support for home-based care. This approach as with other bodies is reactive which can best be expressed through the English adage of, Closing the stable door after the horse has bolted. This approach does not take the preventive action.

Some of the primary cooperative members could not come out openly and discuss it indicating denial within the communities or a wishing away of the problem. This could be related to the stigma associated with it. Most cooperatives talked of addressing the issue during the national cooperative days through statements on why they need to take care not to get HIV/AIDS.

HIV/AIDS efforts have been left with the National Aids Coordinating Agency. NACA is expected to work with organizations including co-operatives to assess problems

<sup>24</sup> Botswana 2003 second generation HIV/AIDS surveillance

<sup>25</sup> Centers for Disease Control and Prevention – <http://www.cdc.gov/botswana>



relating to HIV/AIDS in the co-operatives. The cultural element is a blow to the fight of the epidemic where people still think HIV/AIDS is witchcraft.

#### **6.2.8.2 Youth**

The Botswana Cooperative Act has only touched on the youth issue with regard to registration and the contractual obligations of minors. There is a distinct difference in the management of cooperatives depending on the type with SACCOs having younger people in management. The youth however feel left out in the producer and consumer cooperatives and regard them as cooperatives for old people. They want faster returns which do not seem to be forthcoming.

The cooperatives have not promoted youth programmes which would lead to the appreciation of youth as a category of people who will drive the movement forward when the current co-operators are not able to do so. None of the cooperatives interviewed had concretised the youth involvement in cooperatives.

#### **6.2.8.3 Gender**

Botswana's existing policy on women in development has had wide consultation and has been approved by Parliament. The draft national gender programme and plan of action reflect strategies to translate all policies and programmes into effective instruments for the full empowerment of women in Botswana. It now needs to be implemented by all stakeholders, to ensure that gender concerns are included in all development programmes and policies. International experience suggests however that discriminatory attitudes and practices are very deep seated. Resources must be committed.<sup>26</sup> The recognition of this shortcoming is a reflection of the situation in many institutions including cooperatives.

The number of women and the positions held within the cooperatives is low. The nature of the cooperatives also determines inclusion of women. In livestock marketing cooperatives there were fewer women involved while the SACCOs have tried to integrate more women into the cooperative societies. The gender balance and inclusion of women is not deliberate or clearly promoted within the cooperatives. Cultural inclinations have also worked adversely for women where some men have not acknowledged that the role of women has changed and that they can take up opportunities as well as men.

#### **6.2.8.4 Environment**

Botswana has a big component of Community Based Natural Resource Management Programme. Environmental issues are restricted to sensitisation training on management of ecosystem and environment to the staff. They also get field assignments during training including study tours. The government is exploring initiatives of community based natural resource management (CBNRM) links to co-operatives to give them a broad base so that they can benefit. The cooperatives do not have environmental initiatives apart from a few tree-planting exercises during cooperative days. The

<sup>26</sup> Botswana: Vision 2016 Towards Prosperity For All

survival rate of the trees is not documented. The livestock marketing cooperatives have not engaged in environmental conservation issues. The long spells of drought could be a problem if the environmental issues are not addressed and could affect the cooperative business too.

### 6.2.9 Emerging issues

- There is general member apathy due to the non-performance of cooperatives.
- There is expressed need for a strong apex body that could provide a platform through which co-operatives can address the national issues and provide effective representative for the cooperative movement.
- Poverty Reduction Strategies streamlined and documented with impact tracking in place within the cooperative movement
- Youth and Gender Balance and inclusion in the cooperative development
- HIV/AIDS programmes within Co-operatives
- Information and communications technology development to interlink the cooperatives and promote their development.
- A strategy for the SACCO development to ensure that this growth is harnessed to benefit the whole national cooperative movement
- Tracking of impact within the cooperative movement including impact assessment of interventions
- Capacity building in management and cooperative business development within the cooperatives and the movement as a whole
- The impact of private moneylenders on poverty alleviation in Botswana.

## 6.3 Ethiopia



### 6.3.1 Macro Economic Context

Cooperatives were introduced to the Federal Democratic Republic of Ethiopia soon after the Italian invasion of 1936, but it was only in the 1960s that cooperatives were legally enacted. The new era in cooperative development started in 1998 when the new cooperative legislation (Proclamation) No. 147/98 was enacted. This proclamation endorsed all the cooperative principles. A lot of power is vested in the commissioner for cooperatives. The federal system of government provides for each of the federal regions to have the mandate to establish cooperative societies. The Act recognizes autonomy of



cooperatives and states in part that, Cooperative societies are autonomous self help organizations controlled by their members.

The Sustainable Development and Poverty Reduction Program of the Federal Republic of Ethiopia have put a lot of emphasis on the participation and contribution of cooperatives to poverty alleviation. There is evident appreciation of the contribution of cooperatives to income alleviation in the poverty reduction strategies of the government. With agriculture being the mainstay of the economy, the government has given it recognition. Reality however shows that although the contribution of cooperatives is high, there is a lot of government control. There is a lot of reliance on government to initiate programmes. The government feels that the cooperatives are not ready to take up the autonomy and manage their own development. As quoted from the government department, African Cooperatives will remain under the government and cannot be autonomous which is a contradiction of the autonomy clause in the Proclamation. The argument is that the cooperatives cannot handle the power and need to be controlled.

### **6.3.2 Cooperative Development Context**

The history of modern cooperative promotion in Ethiopia dates back to the 1960s. During the reign of Emperor Haile Selassie, there were 116 cooperatives mainly engaged in marketing of members produce with a few savings and credit cooperatives established in and around big cities. The feudal system favoured only landowners to be members of these cooperatives. It was then that the principles and values of cooperatives were recognized and introduced. During the Imperial rule period, the modern farmers cooperatives came into existence mainly to undertake commercial agricultural production for export. It was only after 1974 revolution that there was a strong expansion of cooperatives. Various types of cooperatives like Agricultural producers and service, Artisans, saving and credit etc. were formed in this period.

### **6.3.3 Promotion**

Cooperatives promotion is being done by the cooperative department. However, the role of cooperatives in promotion is very limited. Findings on the ground indicate that this fast growth projected in numbers is not supported by growth in volume of business. The savings and credit sector is experiencing tremendous growth. Minimal horizontal cooperation among cooperatives makes it difficult to promote cooperatives as they do not speak with one voice.

The cooperatives indicate that there is need for a federal apex body with each region also having regional apex bodies. Furthermore, the proposed structure is also advocating for unions at regional levels and apex bodies at federal level for various sectors such as Coffee. One of the reasons given for the need for such apex bodies is representation especially on a global basis like representation at Global Alliance for Coffee Producers (GLOAC) and International Coffee Organization.

### 6.3.4 Policy and Legislation

The cooperatives decree No. 44/60 and cooperative proclamation No. 241/66, served as the legal framework for the cooperative movement in the 60s. The Derge government enacted a new law in 1978, Proclamation No.138/78 indicating that cooperatives are formed to enhance the socialist transformation of the economy. In 1998, cooperative proclamation 147/98 was enacted to promote various types of cooperatives throughout the country. This proclamation endorsed all the cooperative principles.

According to the draft policy on cooperatives in Ethiopia, the Rural Development strategy of the country indicates that cooperatives are taken as the most important institution to improve the living conditions of both the rural and urban poor population.

### 6.3.5 Participation of Cooperatives in Policy and Legislation

The cooperatives were involved in the formulation of policy. The Oromia Coffee Farmers Cooperative Society lobbied the government to change cooperative laws to make them more relevant for cooperatives. Many of the cooperatives visited indicated that the cooperative policy was not issued to the public. However, there was appreciation on the effort to make the policy albeit with a few changes.



Members involved in decision making process in a cooperative

### 6.3.6 Cooperative Structures

Ethiopia has a three-tier structure with primary societies, unions and the federation. They are also in process of forming a cooperative league, which will be like the cooperatives parliament. A cooperative bank was established in Oromia region in 2005. It has opened 7 branches in different zones of the region. According to the National strategic plan, there is an ambitious plan to establish two additional cooperative banks by 2008.<sup>27</sup> The government is taking the lead in cooperative development.

### 6.3.7 Contribution of Cooperatives to Socio-economic Development

Agriculture is the main economic activity in Ethiopia. All land belongs to the government. Ethiopia is a major exporter of coffee, accounting for 60% or more of average annual export earnings. The National Bank of Ethiopia estimated the exports by value as coffee, US\$174.7million; leather and leather products, US\$74 million, Chat, US\$61 million; oil seeds, US\$30.7 million; and gold, US\$28 million. In 1999-2000 total exports were valued at US\$486 million while in 2002-03 it was US\$468 million dollars. Imports usually consist of consumer goods, US\$468 million; transport, industrial and agricultural products, US\$445 million; fuel, US\$292 million and semi-finished goods, US\$284 million.

Because of the need to import large quantities of food and the lack of high value exports, annual deficits in the merchandise trade account have exceeded US\$1 billion since the late 90s. The deficit for 2002-03 was estimated at US\$1.5 billion per the National Bank of Ethiopia statistics<sup>28</sup>.

#### 6.3.7.1 Poverty alleviation

A new five-year strategy, known as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) has been completed by the government and was endorsed by the House of People's Representatives in May 2006. The plan focuses on eight pillars: (i) commercialization of agriculture and promoting much more rapid non-farm private sector growth; (ii) geographical differentiation; (iii) population; (iv) gender; (v) infrastructure; (vi) risk management and vulnerability; (vii) scaling up service delivery to reach the MDGs; and (viii) employment. There is important emphasis on good governance, with plans to accelerate local empowerment among other areas.

In Ethiopia where small plots production by millions of farmers is the major system of agriculture, cooperatives perform unsubstitutable key roles on improving agricultural marketing and other tasks on agricultural development where agriculture is one of the mainstays of the economy and a tool to alleviating poverty in Ethiopia. It is not without reason that the cooperatives have such a decisive role on agricultural development in general and on agricultural marketing in particular.<sup>29</sup>

<sup>27</sup> Cooperatives in Ethiopia-an overview by cooperative department- 2006

<sup>28</sup> Library of Congress-Federal Research Division April 2005

<sup>29</sup> Rural development policies, Strategies and Instruments; ministry of Information of Ethiopia; [www.moinfo.gov.et](http://www.moinfo.gov.et)

For some countries, economic growth is the primary goal, and poverty alleviation is to be achieved through measures complementary to growth. This is not the approach of the Ethiopian government. Poverty reduction is the core objective of the Ethiopian government. Economic growth is the principal, but not the only, means to this objective.<sup>30</sup> Ethiopia uses a four-pronged approach to Poverty reduction strategy (called building blocks). These are: Agricultural Development Led Industrialization (ADLI), Justice System and civil service reform, decentralization and empowerment, and capacity building in public and private sectors. Capacity building is taken to comprise the development of human resources, building and strengthening institutions, and establishment of effective working practices in combination.

The poverty alleviation paper recognizes cooperatives as a vehicle towards achievement of this process. One of the key measures alluded to in agriculture in the plan is organize, strengthen and diversify autonomous cooperatives to provide better marketing services and serve as bridges between small farmers (peasants) and the non-peasant private sector.

In Ethiopia, the prevalence of poverty is associated with low growth and low productivity of subsistence agriculture. The increase in cooperatives dealing with agriculture is assumed to be able to contribute towards improvement of incomes and hence poverty reduction. However, these would have to be efficiently managed and strengthened to be able to perform this function. There has to be progress in terms of commercialisation, with more intensive farming, increasing proportion of marketable output and correspondingly decreasing ratio of production for own consumption. Ethiopia poverty reduction strategy paper states, aside from deepening technological progress, it will mean greater market interaction in the part of the farmer. This implies that research and extension will be enhanced, application of inputs will be increased and diversified, new products will be introduced, irrigation will be expanded, service cooperatives will be encouraged and contractual production and trading between farmers and traders fostered. The recognition of cooperatives as playing a big role in income poverty reduction is seen through formation of Cooperative Promotion Bureaus in the regions, although the question of autonomy should not be avoided.

#### **6.3.7.2 Employment**

By 1990, there were 3723 producer cooperatives with 302,653 members, and 4052 service cooperatives with 4.5 million members. However, there is minimal direct employment created by the cooperatives. Each of the cooperatives employs on average 1-2 people. The multiplier effect of cooperatives in terms of job creation has not been tracked and it was therefore not possible to estimate the indirect employment created due to lack of records.

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<sup>30</sup> Ethiopia: Sustainable Development and Poverty Reduction Program Strategy 2002.



## 6.3.8 Cross Cutting Issues

### 6.3.8.1 HIV/AIDS

The government of Ethiopia approved a comprehensive HIV/AIDS policy in 1998 with the overall objectives of guiding the implementation of successful programmes to prevent the spread of the disease, decreasing the vulnerability of individuals and communities, caring for those living with the disease, and reducing the adverse socio-economic consequences of the epidemic. It has also developed the Strategic Framework for the National Response to HIV/AIDS, 2000-2004.<sup>31</sup>

HIV/AIDS is already putting a brake on economic growth in the worst affected countries through diversion of investment, deficit-creating pressures on public resources, and loss of adult labor and productivity. A major concern is the progressive loss of skills and erosion of institutional capacity.<sup>32</sup> Ethiopia is one of the sub-Saharan African countries where the HIV/AIDS infection is high. For every thirteen adults, one is believed to be infected while in urban areas, more than one out of every six adults is believed to be infected.<sup>33</sup>

There is a joint collaboration between the cooperatives and International Labour Organization for training of trainers programmes on HIV/AIDS, condoms distribution and promotional activities.

### 6.3.8.2 Youth

The youth are an important group in cooperative development. However, during the study, it was found out that the cooperatives did not have any programs for the youth. Where they existed, there was little or no impact. The cooperatives do not seem to have taken it up as an important agenda in cooperative development. The sustainable development and poverty reduction program strategy paper of Ethiopia

### 6.3.8.3 Gender

Literature findings indicate that cooperatives have been widely advocated as a preferred means of development for the women by national governments, international agencies, NGOs and feminists. They are seen as important for the wider conscientisation of women and increasing women's income through the elimination of intermediaries. However, the findings in many studies done demonstrate that the movement in many countries have not included women on equal terms with men, despite the stated aims of quality and democracy of the cooperative movement. Much cooperative development aimed specifically at women has been in the form of isolated projects which have not been integrated into the mainstream economy.<sup>34</sup> As Ethiopia poverty reduction paper put it, the inclusion of gender in any effort to alleviate poverty is non negotiable

31 Ethiopia: Sustainable Development and Poverty Reduction Program Strategy 2002.

32 The Impact of Economic Growth in Africa of Rising costs and labor productivity-<http://www.heart-intl.net>

33 Ethiopia: Sustainable Development and Poverty Reduction Program Strategy 2002.

34 African Women in Cooperatives: Towards a Realistic Agenda. Addis Ababa, IFAA (Mayoux.L(1989)

#### **6.3.8.4 Environment**

The environment policy of Ethiopia states: The overall goal is to improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of natural, human-made and cultural resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.

The environmental Policy of Ethiopia, which was extracted from the Conservation Strategy of Ethiopia (CSE), was approved on April 2, 1997 by the Council of Ministers. The CSE and thus also the Environmental Policy is the result of seven years of consultation and data collection and analysis. The regional conservation strategies are being integrated into the five-year development plan of the Regions, indicating Regional States commitments to allocate resources for environmental management.

Although the above environmental policy indicates a well thought out plan on environmental management, findings on the ground indicated that little had been done in terms of putting in place with regard to deliberate environment programmes towards enhancement of the policy where cooperatives are concerned. The environmental activities are limited to tree planting during environment days and few awareness talks on importance of enhancing the environment. The tree planting efforts have not been evaluated to determine their impact or their effectiveness. One of the cooperatives, Oromia cooperative union has some environmental activities. This could be attributed to requirements by Fair Trade as a condition for marketing their coffee. Their coffee is organic and has to meet eco-friendly standards, ensure environment protection and sustainability in production.

As the poverty strategy paper of Ethiopia puts it, given the multi-sectoral nature of environmental issues, public sector (federal, regional), private sector, non-governmental organizations will have to be sensitive to environmental policy and conservation strategy of Ethiopia in conducting their development activities. In this regard, the Environmental Protection Authority (EPA) will play its facilitating and regulatory functions effectively. The EPA will make sure that different development actors comply with environmental Impact assessment as well as Environmental Pollution Control proclamations thus strengthening the institutional capacity.<sup>35</sup>

#### **6.3.9 Emerging issues**

- Managing the growth of the financial sector in terms of cooperative banks and Saccos
- Ring fencing the growth of cooperatives
- Promotion of a common vision

<sup>35</sup> Ethiopia: Sustainable Development and Poverty Reduction Program Strategy 2002.



- Cooperative movement growth in a federal system
- Cooperation among cooperatives
- Participatory cooperative policy.

## 6.4 Kenya



### 6.4.1 Macro-economic Policy Context

Kenya has in the past had two long-term policies and several 5-Year Development Plans that have guided planning and investment: The first was Sessional Paper No. 10 of 1965: African Socialism and its Application to Kenya, and the second Sessional Paper No. 1 of 1986: Economic Management for Renewed Growth. These plans attempted to chart a vision for economic development of the country and how to tackle them. The Sessional Paper No. 10 of 1965 provided the framework within which the government promoted post independence economic development and transfer of wealth to indigenous people. It created two key vehicles for transfer of wealth from the departing settlers to the nationals: parastatals for the common assets and co-operatives for the common man. It also provided a framework through which the government could achieve its development objectives especially for the small-scale farming sector. The Sessional Paper No.1 of 1986 provided a framework for change from a controlled economy to a free economy by establishing market-based incentives and regulatory structures that will channel private activity into areas of greatest benefit for all Kenyans. The framework was providing for the government to rely less on instruments of direct control and increasingly on competitive elements in the economy.

The successive governments have focused on rural development as the key to sustainable national economic growth. Even though approaches such as the *District Focus for Rural Development* were not particularly successful, the impetus still lies in making rural areas equally attractive both as locations of residence and for investment. This however requires decentralization of decision-making on development projects, which is being partly achieved at the moment through initiatives such as the Constituency Development Funds (CDF) and Local Authority Transfer Funds (LATF). The development of appropriate social infrastructure in the rural areas, and enhanced access to credit to raise the productivity of farmers by reviewing the institutional framework with a view to encouraging development of institutions that can provide credit to agriculture, including Micro Finance Institutions and agricultural based cooperatives is of extreme importance.

The Economic Recovery Strategy for Wealth and Employment Creation which was launched in 2003 aimed at undertaking radical reforms for Kenya to recover the ground lost through two decades of bad governance and economic mismanagement. The government has continued the decentralization process with a number of funds

such as Constituency Development Fund (CDF), the Bursary Fund, Constituency Roads Funds, and Local Authority Transfer Funds (LATF) being managed at the local levels.

## **6.4.2 Cooperative Development Context**

### **6.4.2.1 Promotion**

The government has played a key role in the promotion of co-operatives since independence. The aim of the government was to see that co-operatives grew rapidly to embrace a large section of the economy and provide opportunity for the citizenry to participate in the economic activities of the new nation. Co-operative policies were instituted to promote the development of co-operatives. Administrative structures were also put in place to enable countrywide promotion and supervision of co-operatives. The government also introduced schemes, particularly in the agricultural sector to finance the development of specific crop enterprises. Substantial technical assistance aimed mainly at strengthening the management capacity of co-operatives was also given through bi-lateral arrangements such as the Nordic Co-operative Project. The Co-operative College of Kenya was established, initially as a Department within the Ministry of Co-operatives and later granted semi-autonomy, with the sole aim of training staff for the movement and government officers. In the past, government supported a number of co-operative organizations through office accommodation and by seconding staff. The government was also instrumental in the promotion of SACCOs and other types of co-operatives.

The development of the apex body, the Kenya National Federation of Co-operatives (KNFC) and the National co-operative organizations saw the involvement of co-operative organizations in the promotion and support of co-operatives. KNFC was instrumental in the promotion and establishment of key co-operative institutions in the country such as the Co-operative Bank of Kenya, the Co-operative Insurance Company, and the Kenya Planters Co-operative Union. However liberalization saw the weakening of KNFC, and with the NACOs more pre-occupied with their institutional and financial sustainability, there is little attention given to promotion of co-operatives by the movement.

### **6.4.2.2 Co-operative Policy**

The Sessional Paper No. 6 of 1997 entitled Co-operatives in a Liberalized Economic Environment provides the policy framework for Co-operatives in Kenya. The document was developed to set the structural framework for the co-operative movement and the mode of co-operative liberalization in accordance with structural adjustments which were going on at the time of its development. It addresses key areas such as the role of role of government in co-operative development and management within a liberalized environment; and other areas such as Co-operative Banking and Finance, Sectoral Dimensions of Co-operatives, Co-operative Education and Training, and Leadership Development and Management in Co-operative Organization. The policy also touches on gender issues in co-operatives.



The policy gives an elaborate account of the significant contribution the government has made in the development of co-operatives in Kenya. This has however not been developed into a clear vision for the movement, and its part in National Development. The policy has also addressed how co-operatives would respond effectively to the emerging socio-economic environment. This could partly be the reason why the attempt by the government to have co-operatives operate in a liberalized environment was not successful. Other areas that the policy should have considered are how co-operatives would integrate and address macro social and economic issues, and the recognition of co-operatives.

### **6.4.3 Co-operative Legislation**

The Co-operative Societies Act of 2004 provides the legislative and regulatory framework. The legislation for co-operatives, which was first put in place through the Co-operatives Societies Act of 1966, has gone through a number of amendments. The Co-operative Societies Act No. 12 of 1997 greatly reduced the role of government and increased the freedom and responsibility of the co-operative members. This however created a new set of challenges for the movement and it became evident that it was not prepared to operate in a liberalized environment.

In recognition of the fact that the current regulation does not adequately address SACCO operations, a process was put in place to develop appropriate legislation for SACCOs. The SACCO bill was presented to the Stakeholders conference in June 2004. It was agreed that there is need to look further at a number of issues raised and have further consultations with the stakeholders. It was also recommended that the Task force looking at the bill be expanded. In the meantime, the bill has been shelved and the regulation of SACCOs should be covered in the Rules to be issued by the Minister when the new Act is made operational.

### **6.4.4 Participation of Co-operatives in Policy and Legislation**

The Co-operative Policy was developed in 1997 and the Co-operative Act amended in the same year. The Act was amended further in 2004 in response to the failure by co-operatives to embrace the spirit of liberalization that was the intent of the 1997 Act. These processes were taking place at a time when the democratisation process and political pluralism had created the space for people participation on things that affect them. Whereas discussions with government officials give indications that there were consultations with the movement in the processes, this is seen from the point of the movement to have been very marginal, at least with primary societies. There was however increased consultation in the drafting of the pending SACCO Bill. General awareness of Co-operative Policy and Legislation is still low. The absence of a strong voice for the co-operatives is also inhibiting the active participation of co-operatives in policy and legislation making both in areas that affect the movement directly or in other areas that are likely to have a bearing on the movement.

Unlike other civil society organizations in the country, co-operatives have not sought for an active engagement in the general policy and legislation making. This denies the movement opportunity to make a contribution in shaping the social and economic future of the country. The movement is then left out on significant initiatives and forums such as the National Economic and Social Council of Kenya (the Ministry of Co-operatives and Marketing is not even a member of the Inter-Ministerial Committee), the Poverty Eradication Commission, the National AIDS Commission, the National Anti-Corruption Steering Commission etc. The movement has also not put in place a process for engagement with the national budget making process like other organized bodies such as the Kenya Association of Manufacturers.

### 6.4.5 Cooperative Structures

The co-operative movement in Kenya is organized at 4 levels. At the *apex level* is the Kenya National Federation of Co-operatives (KNFC). There are in addition, *national specialized* co-operative organizations. These organizations include: Kenya Rural SACCOs Societies Union (KERUSSU), Co-operative Bank (Co-op Bank), National Housing Co-operative Union (NACHU), Kenya Planters Co-operative Union (KPCU), Co-operative Insurance Company of Kenya (CIC), and Kenya Union of Savings and Credits Co-operatives (KUSCCO). These national co-operative organizations play a vital role in giving shape and national character to the movement. The Co-operative College of Kenya, though a government body is also a key co-operative organization. The college has been granted semi-autonomy by the Government and it is therefore expected that it will play a more prominent role in the development of human resource capacity for the co-operative movement in Kenya. The college has launched an Agribusiness Training Centre to provide agribusiness training to smallholder farmer s organizations.

At the secondary level, primary co-operatives form District or commodity based co-operative unions. Individual members form primary co-operative societies along geographical lines or on the basis of economic activities.

There is little demonstrated integration of the co-operative structure in Kenya and even though ICA Principle No. 6 encourages co-operation among co-operatives, the co-operatives in Kenya have not developed the synergy to work together. This inability for the movement to integrate was largely attributed to power politics between the various actors in the movement, and the quest for institutional and financial sustainability, which has resulted in duplicity of services and products. The movement stands to be more effective if it allows itself to create a synergy through which they can identify and leverage on the comparative advantages of the various co-operative organizations and institutions, focus on the strengths, and unique skills and competencies of each organizations or institutions, and use the structures of co-operatives to create forward and backward linkages that form a service delivery chain that neatly fit into each other.



## 6.4.6 Contribution of Co-operatives to Socio-economic Development

### 6.4.6.1 Poverty alleviation

The Kenya co-operative sector has played a major role in the country's economy since independence in 1963. Co-operatives made significant contributions towards building of the Kenyan investment environment in the 1960s and 1970s guided by the government policy framework as spelt out in Sessional Paper No.10 of 1965 on African Socialism and its Implications to Kenya. However the investments did not sustain in the 1980s and 1990s because of poor governance and bad management. Currently there are about 10,000 co-operative societies in Kenya with a membership of 5.7 million, and a turnover of about Kshs 436 billion (about US\$ 5.8 billion) at current prices, contributing about 45% of the national GDP<sup>36</sup>. As at 31st December 2004, there were 4,000 active SACCO Societies with a membership of about 3.0 million. The share capital and deposits stood at Kshs. 94 billion while the loans outstanding were Kshs. 64 billion. Reserves amounted to Kshs 3.0 billion. In view of the varied activities in the country, there are salary based, rural and traders SACCOs. There is also Jua Kali, transport and community based SACCOs. The Kenyan co-operative movement is a major contributor to almost all sectors of the economy. About 80% of Kenyans derive their livelihoods directly or indirectly from co-operative ventures<sup>37</sup>. The key services provided by the co-operatives include financial services (including banking, loans & savings), transportation, bulk procurement, educational and training of committees and staff.

Co-operatives are contributing towards poverty alleviation through improved marketing of farmers produce. A good example is in the dairy sector where the marketing of milk is dominated by Dairy Co-operatives. Most of marketed milk production is from small-scale farmers who have found it necessary to organize themselves into dairy co-operatives in order to supply their milk to Kenya Co-operatives Creameries (another co-operative institution) and other market outlets in high potential milk producing areas of Kenya. There are over 70 functional primary dairy co-operative societies in Kenya. In addition there are over 200 multi-purpose co-operatives, which undertake dairying as one of their main activities in the country. There are over five dairy co-operatives that have established own milk processing facilities.<sup>38</sup>

Even in the light of liberalization of coffee marketing, Kenya Planters Co-operative Union (KPCU) remains the most important coffee farmer's organization in the country. The Union is one of the largest commercial millers and one of the three coffee marketing agents licensed by the government. The general membership of KPCU is made up of smallholder cooperative and plantation coffee growers. The Union undertakes bulk purchasing and stocking of essential agricultural inputs such as fertilizers, agrochemicals, farm tools and machinery cheaply for reselling to its

<sup>36</sup> "The Future of Co-operatives" – a symposium (7<sup>th</sup>-9<sup>th</sup> June 2000, Mbagathi/Nairobi)

<sup>37</sup> Commissioner for Co-operatives Ambassador Peter Mathanjuki (Daily Nation July 03, 2004)

<sup>38</sup> [www.fao.org/docrep/x5661e/x56661e0t.htm](http://www.fao.org/docrep/x5661e/x56661e0t.htm)

members on credit. This enables member farmers to benefit from economy of scale on favourable credit terms. It also provides them with advisory services to improve coffee production and quality. In recent years, KPCU has diversified its range of services and now embraces inputs supply, collection of parchment, milling, marketing, auctioneering, dealing, roasting warehousing and exporting.

#### **6.4.6.2 Employment Creation**

Co-operatives have made significant contribution towards direct and indirect employment in Kenya. Direct employees include salaried staff, wage earners, as well as casuals employed by the societies and unions. It is estimated that there are over 100,000 direct employees. Indirect employees are all those members who by joining co-operatives are able to engage themselves in farming or as artisans from where they earn income on a regular basis. It is estimated that there are over 2.3 million people who because of the movement are engaged as small-scale farmers, artisans involved in handicrafts, Jua Kali<sup>39</sup> and other types of businesses.

#### **6.4.6.3 HIV/AIDS**

It is estimated that in Kenya there are more than 2 million people infected with HIV, the virus that causes AIDS. Kenya is one of the few African countries that has registered remarkable success in the fight against HIV and AIDS with the current adult prevalence rate estimated at 6.1%. The AIDS related deaths are estimated at 140,000 with an estimated 1.1 million orphans due to AIDS. With between 300 and 400 hundred people dying due to AIDS related causes daily, the epidemic is robbing the nation of the most productive people between the ages of 15 and 49.

The Kenya Government launched comprehensive policy paper on AIDS, *Sessional Paper No. 4 of 1997: AIDS in Kenya*. The paper recognizes that AIDS is no longer only a health issues but a catastrophe, which cuts across all the sectors of the economy. It provides a multi-sectoral guidance on policy development, institutional organization and service delivery respond to the epidemic more effectively. One major outcome of the Sessional paper is the establishment of the National Aids Control Council (NACC) to coordinate the response to contain the HIV spread and to mitigate the impact of AIDS. The declaration of AIDS a national disaster in 1999 added impetus on the control effort.

Although there have been concerted efforts by different sectors in the country in the fight against HIV and AIDS, the contribution of the movement remains very minimal. The movement lacks a collective approach that would utilize its well-developed infrastructure and countrywide infrastructure for effective outreach. Some of the organizations that have initiated programmes and activities include KUSCCO and Mwalimu SACCO. The Nakuru Teachers SACCO works in collaboration with the local branch of the Teachers Union.

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<sup>39</sup> Jua Kali (Swahili word for hot sun) is a term that is commonly used in Kenya for those involved in the informal sector.



#### **6.4.6.4 Youth**

The Kenya National Youth Policy developed in 2002 defines the youth as those aged between 15 and 30 years. They account for about 32% of the population of which 51.7 % are female, forming 60% of the total labour force. Despite making a sizeable proportion of the labour force, the youth are still disadvantaged in many aspects and do not receive adequate attention in the different spheres of life. The opportunities are also very scarce to absorb them in the job market. The policy has identified a number of constraints which have hampered effectiveness of agencies dealing with youth in responding to their circumstances effectively. These include pressure from the high population growth, lack of appropriate skills, unclear and uncoordinated youth policies and programmes, resource constraints and low status given to the youth. While a number of Government Ministries and Youth organizations have their own programmes and sectoral youth policies, lack of a national definition of youth and effective co-ordination mechanisms have negatively affected the development of youth work. The involvement of the co-operative movement in the development of the National Youth Policy is lacking, neither does the Co-operative Development policy give adequate attention to the youth agenda. Their integration into co-operatives activities both from policy and practical perspectives is largely lacking.

#### **6.4.6.5 Gender**

Though women make 52% of the Kenyan population and contribute about 80% of the labour force in smallholder agriculture they continue to be marginalized in most aspects of national development. Kenya women own less than 10% of the land and related resources and their representation and participation in decision-making structures related to land and agriculture is paltry. The female literacy rate is 69% compared to male literacy rate of 86%. Kenya remains a patriarchal society with deeply engrained traditional practices that are geared towards subordination of women. Women are marginally represented in policy-making institutions including parliament, government ministries, private sector and institutions of learning.

The lack of a national gender policy for a long time has made it difficult to monitor the impact of resource allocation to women. The recent enactment of the Gender Commission and Development Act 2003 has contributed towards the creation of a supportive legal environment and provides space for affirmative action in addressing issues that affect women.

Gender issues in co-operatives have been highlighted in the Sessional Paper No. 6 of 1997 on Co-operatives in a Liberalised Economic Environment. There is however no demonstrated plan of action on how these are streamlined within the movement. The study has however noted that whereas there are cultural factors that tend to exclude women from ownership of property, especially in the agricultural sector, in other economic sectors such forms of discrimination do not exist. In the case of wage and salaried employment, membership in the co-operative movement by women is substantial. However, women in leadership positions even where their membership is large, is still insignificant.

#### **6.4.6.6 Environment**

Kenya's economy is largely natural resource-dependent, based on agriculture, forestry, nature/wildlife tourism and basic manufacturing. Only 7% of the country's area is arable land and 0.9% is permanent cropland (as defined by FAO in World Bank, 2001). Arable-land area per capita has decreased from 0.23 ha in 1980 to around 0.14 ha in 1998 (World Bank, 2001). Consequently, the country is plagued by food insecurity and has problems feeding its population. Compounded by re-occurring droughts and occasional floods, reliance on food aid has also been increasing.

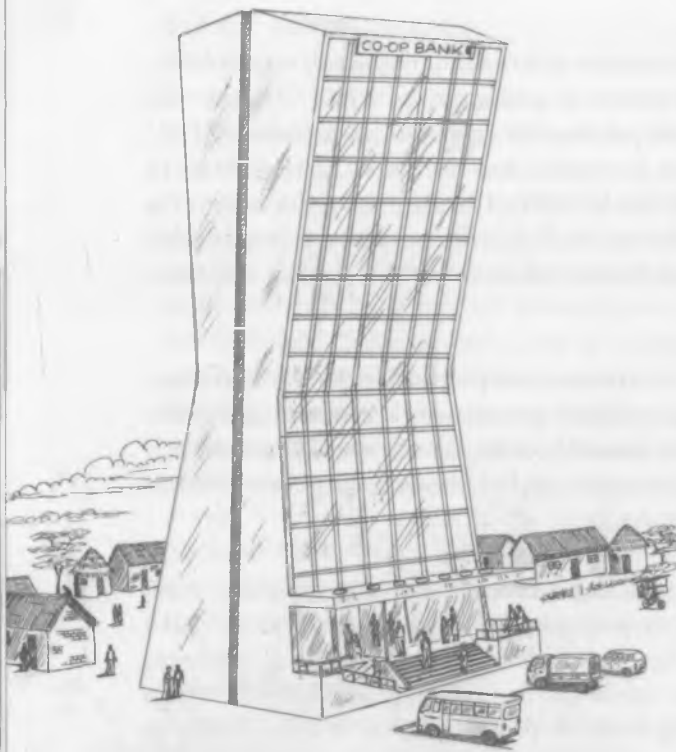
Land degradation is the most important environmental problem in Kenya and poses one of the most serious threats to sustained food production. Fertilizers and other inputs cannot fully compensate yield losses caused by soil degradation. Hence, there is great need to support soil and water conservation, and to intensify the efforts to arrest further land degradation.

The other challenge is the pressure the high population growth puts on scarce rural natural resources. Kenya's population is projected to reach 40 million by 2015 (UNDP 2001). The pressure on rural lands, forest, water and biological resources will increase dramatically to meet the needs of the growing population. Urban environmental problems are also growing as more people migrate to urban areas in search of employment, putting tremendous pressure on the urban environment and infrastructure.

The co-operative movement in Kenya has not developed strategic programmes and activities aimed at enhancing environmental awareness and conservation with members. However a number of primary societies have initiated activities aimed at environmental conservation. Of the Societies visited, members of Nyeri District Tea Farmers SACCO are actively engaged in environmental conservation, but more because of the focus that is put on it in the district. Masii Farmers in Machakos district has included environmental conservation as one of the subjects during the education days. Wamunyu Farmers Co-operative Society also encourages farmers to plant trees.

#### **6.4.7 Emerging issues**

- ✓ The potential that exists for the co-operative movement in Kenya is not adequately exploited because of lack of vertical and horizontal linkages within the movement. The NACOs have not used their comparative advantages to create synergy and ring fencing for greater impact.
- ✓ The SACCOs are playing a significant role in the provision of financial services to a much larger population than is serviced by the formal financial services sector. The lack of an effective regulatory framework for these SACCOs as they attract larger deposits from the public continues to be a serious concern.



✓ Though cooperatives have played a significant role in the socio-economic development of the country, they have not effectively engaged with the processes of policy formulation and development. The cooperatives are not formally represented in key forums where representation is by major stakeholder groups such as the National Economic Council, the Poverty Eradication Commission, the National AIDS Control Council, and the Kenya Anti-Corruption Council. If co-operatives fail to lobby and advocate effectively, the movement will find itself left on the national agenda.

✓ Even though Kenya still remains largely an agricultural country and agriculture makes significant contribution to GDP, the promotion and development of agriculture-based co-operatives does not have as much

prominence as the development of financial co-operatives.

- ✓ Mechanisms for tracking the contributions of co-operatives to socio-economic development of the country have not been developed. Even though it has been repeatedly quoted that co-operatives contribute 45% of GDP, this is a figure that has been quoted for over four decades. Appropriate tracking mechanisms with appropriate linkages to other key national systems such as the Central Bureau of Statistics should be developed.

## 6.5 Malawi

### 6.5.1 Macro-economic Policy Context

Since 1981 the government has been implementing macro-economic reforms to restore the economy and foster growth. The two key documents that currently provide the macro-economic framework for Malawi are the Poverty Reduction Strategy Paper for Malawi (July 2001) and A Growth Strategy for Malawi (April 2003). The main overall economic objective of Malawi is to be technologically driven middle-income country by 2020 (Vision 2020) while the government's development agenda is poverty reduction. The Poverty Reduction Strategy Paper (PRSP) recognizes that the challenge to transform Malawi into a middle-income country by 2020 demands that the economy achieves a consistent

annual growth rate of 8%. It also recognizes the need that the benefits of the high growth are widely distributed and safety nets put in place to safeguard vulnerable groups and essential services are effectively rendered. One of the aims of the PRSP is to develop a sound and integrated financial sector that can effectively support economic growth and diversification and fulfil the financial needs of the population with a final aim of reducing poverty in the country.

The post 1994 political dispensation has opened up space for farmer organizations including cooperatives to play a more prominent role in national development. The cooperative development policy developed in 1997 by the Ministry of Commerce and Industry focuses on community participation and its main strategy is to mobilize human, material and financial resources for the socio-economic development of the country. The goal of the policy is to create an enabling environment that will encourage the sustainable development of cooperatives with an ultimate aim of enhancing the economic and social well being of the members.

The Malawi Poverty Reduction Strategy Paper (MPRSP) recognizes the role of farmer organizations as avenues for the development of agriculture through provision of services such as credit input and output marketing and technology transfer.

The other significant development for Malawi is the adoption of Decentralization Policy by the government. This entails devolution of power from the centre to the local government levels, with local authorities exercising considerable autonomy in establishing and implementing local plans, setting priorities, and controlling local resources for the provision of services and implementation of policies. Once this takes root, the local authorities and communities will be empowered to take decisions, plan and implement local programmes to address their needs and priorities. The process opens up windows of opportunity for primary co-operative societies to engage actively and influence development agenda at the local level.

## **6.5.2 Cooperative Development Context**

### **6.5.2.1 Promotion**

Most of the co-operatives in Malawi were promoted by churches and NGOs. Of late the government has stepped up its efforts in promoting co-operatives but finds itself seriously constrained because of limited resources. A number of co-operatives were started as projects and many have faced the challenge of transforming from projects to community owned associations and co-operatives that do not rely on external resources and support. The promotion of community organizations by NGOs adopted a charitable approach and the mentality that was created has been difficult to change.

Whereas co-operatives are seen as providing a more appropriate legal framework for people owned institutions in Malawi, their promotion is seen to be inhibited by the careful relationship by the key actors involved in the mobilization and



empowerment of people at community level, mainly the Department of Co-operatives, MUSCCO and NASFAM.

#### **6.5.2.2 Policy and Legislation**

The government developed a Cooperative Development policy in 1997 and enacted the Cooperative Act in 1998. The level of awareness of the existence of the policy within the movement is very low. The Cooperative Act was enacted at a time when there was no vibrant cooperative system in Malawi and has had virtually no input from the movement.

There are aspects of the Act that have not been fully implemented such as the establishment of the National Co-operative Education Fund. The supervisory environment is also weak, with many audits not conducted in time and issues such as disputes not addressed in a timely manner. This is mainly due to reliance on the Department of Co-operatives particularly by the marketing co-operatives. The Department however operates with very limited resources and cannot adequately carry out outreach programmes and provide adequate technical support.

#### **6.5.2.3 Participation of Co-operatives in Policy and Legislation**

There was minimal participation of co-operatives in the formulation of co-operative policy and legislation. This can mainly be attributed to the fact that co-operative development in Malawi is still at its infancy, particularly drawing from its past history. Currently apart from MUSCCO that brings together the Savings and Credit Societies, there are no other apex bodies for the other forms of co-operatives. But even on that score, the involvement of MUSCCO in the development of co-operative policy and legislation has been peripheral. This is unlike the active involvement of MUSCCO in the process of development of appropriate micro-finance legislation through the Micro-Finance Network. MUSCCO as the 2<sup>nd</sup> largest micro-finance institution in Malawi is a key player in the network.

#### **6.5.2.4 Cooperative Structures**

There are about 220 registered cooperatives in Malawi, most of which are agro-based; a number, particularly the marketing Societies in their infant stages. In addition there are a number of Associations and co-operative like organizations that operate under other forms of legislation. The law in Malawi currently allows for membership of only one SACCO.

Even though the law recognizes a three-tier system made up of primary societies, unions and apex bodies, apart from the Savings and Credit Societies that have MUSCCO as the apex bodies, all other co-operatives have not organized to have apex bodies and services and support that they would have received from such a body are currently provided by the Department of Co-operatives. The government is in the process of promoting the establishment of a union for agro-based co-operative societies.

## **6.5.3 Contribution of Cooperatives to Socio-economic Development**

### **6.5.3.1 Poverty Alleviation**

The co-operative sector is beginning to play a major role in the country's economy as it develops. Co-operatives have become important vehicles for mobilization of people particularly in the rural areas for engagement in productive economic activities. A number of projects that were initiated by NGOs are being transformed into co-operatives as one way of ensuring their sustainability and to preserve the gains that have been made.

Co-operatives through the SACCO network are making significant contributions towards provision of financial services and mobilization of savings particularly in areas where there are no banks. The penetration of SACCOs is responding to the PRSP by mobilization of savings and empowering the members to apply the savings in productive investments. They are enabling access to credit by many people who otherwise are not only considered un-bankable but would not afford the high interest rates charged by the commercial banks.

Interviews with members in some of the primary societies that were visited revealed that co-operatives are beginning to make significant contribution towards wealth creation for ordinary people in Malawi. Through enhanced agricultural production and involvement in other economic activities individuals have been able to enhance their disposable incomes. These have in turn enabled them to buy items such as mobile phones, bicycles and to attend to social needs such as fees for children schools, colleges and universities.

### **6.5.3.2 Employment**

Malawi is expected to register on of the highest unemployment record ever when the number of jobseekers entering the labour market will double from the current 200,000 annually to about 400,000. According to the Technical Entrepreneur and Vocational Training Authority out of the estimated number of new jobseekers who entered the labour market in 2005, only 35,000 were able to secure wage employment in the formal sector.<sup>40</sup> This means that the bulk of employment has to come from the informal sector and this is where co-operatives are beginning to play a very crucial role.

MUSSCO has an active membership of about 70 and NASFAM has an active membership of about 42 Associations, with an average of 5 employees each. In addition, employment is created through members who employ people to work in their commercial enterprises and farms, which have been financed primarily through SACCO loans. It is envisaged that as co-operatives take root, they are going to be a major source of both formal and informal employment in Malawi.

<sup>40</sup> [www.sadocc.at/news/2004-233.shtml](http://www.sadocc.at/news/2004-233.shtml)



### **6.5.3.3 HIV/AIDS**

HIV/AIDS is an enormous problem in Malawi. The adult prevalence rate is estimated at 14.2% and the number of people living with HIV/AIDS estimated at 900,000, of which 56% are women. HIV/AIDS is almost as twice in urban areas, at 25%, as in the rural areas at 13%. The annual deaths due to HIV/AIDS are estimated at 80,000. The number of orphans as a result of HIV/AIDS is estimated at 400,000.

The government through the Malawi National AIDS Commission has developed a National AIDS policy that seeks to adopt a multi-sectoral approach to the mitigation and control of the scourge. This includes partnerships between government and relevant stakeholders including the private sector, community-based organizations (CBOs), non-governmental organizations (NGOs), trade unions, faith-based organizations (FBOs), and PLWAs. The policy does not make mention of co-operatives as a distinct group of stakeholders in this partnership.

HIV/AIDS is addressed by some co-operatives in Malawi in a number of ways. MUSCCO has incorporated HIV/AIDS awareness in the study circle forums with six community based SACCOs. It is also discussed during MUSCCO forums such as the AGMs. MUSCCO has also identified HIV/AIDS as a key strategic issue to be addressed in its next strategic planning process. ULIMI Farmers SACCO is involved in the study circles and also addresses HIV/AIDS during the AGMs. Chitukuko SACCO has supported members with loans for medical attention. Ngolowindo Farmers Co-op Society has included HIV/AIDS issues during their weekly meetings. Salima Teachers SACCO had an education tour in 2005/2006 and made HIV/AIDS one of the subjects of discussion during the tour.

In Malawi the mitigation and control of HIV/AIDS is largely seen as responsibility of NGOs and must have external funding. Co-operatives have not moved beyond the level of awareness creation and having it as just one of the issues for discussion mainly during AGMs.

### **6.5.3.4 Youth**

Malawi is a very youthful nation with more than half the population below the age of 25. According to the Malawi National Youth Policy, the youth are defined as those between ages 14 and 25. The youth are recognized by the policy to represent a vast human resource potential, which, if properly prepared and tapped can contribute positively to national development. If neglected however, the youth can spell disaster for the nation. The youth policy seeks to address a number of issues that impinge on the youth's contribution to national development. These include high illiteracy rates, unemployment, underemployment, lack of scientific awareness, a high population growth rate and the HIV/AIDS epidemic. The policy recognizes the need to give guidance to a number of stakeholders involved with the youth that include Government Ministries, religious Organisations, Non-governmental Organisations (NGOs), the Private Sector, the Donor Community, and the International Youth Organisations. There is however no specific mention of co-operatives as a key stakeholder in the youth development agenda.

Currently there is no programme that spells out the co-operatives agenda for the youth. There have been unsuccessful attempts by the Department of Co-operatives to include Co-operatives in the education curriculum, first directly with the Ministry of Education and also in 1998 with the National Youth Council. It is however noted that where co-operatives have been promoted successfully, the unemployment situation is encouraging their participation in co-operatives as an alternative route towards self-employment. Also with the emphasis being put on minimum education requirements for co-operative leadership, a number of youth are taking leadership positions in co-operatives. Some primary societies have also started on a limited basis activities that would spur up the interest of the youth on co-operatives. Kawale Tinsmiths Co-operative Society has formed a football club for girls. Ngolowindo Farmers Co-operative Society has also formed a youth drama group. The Kawale Tinsmiths Co-operative Society is also involving the youth in its activities through the apprenticeship programme.

#### **6.5.3.5 Gender**

The gender policy in Malawi recognizes that women are seriously disadvantaged in almost every sector of development and gender imbalance is a major cause of poverty. The contribution of women to economic development remains unappreciated, and their potential is unutilised within the formal sector. Only about 10% of women are employed within the formal sector. In the agricultural sector, it is estimated that 70% of full time farmers are women. In both matrilineal and patrilineal societies in Malawi, most women do not take full control over the use and ownership of land. Women's access to credit is still very low at about 15% while that of men ranges from 45% to 55%. The role and place of women is largely influenced by traditional and customs, which direct how decisions bearing on inheritance rights, education and health practices concerning women are made. Income levels among women remain very low. It is estimated that literacy rate for women in Malawi is only 28%.<sup>41</sup>

The study revealed that there is general gender awareness among co-operatives, and there is increased involvement of women in co-operative activities and in the leadership. Some of the societies visited had lady managers and employees. The number of women enrolled as members are increasing. However there are no programmes that create a linkage between the movement and the country's gender policy. The movement's gender perspective is also limited to the numbers that are enrolled as members or are in the leadership.

#### **6.5.3.6 Environment**

It is already stated that Malawi is endowed with a number of natural resources. According to an analysis undertaken in the National Environmental Action Plan (NEAP) the resources are challenged by environment degradation that is contributed to by a number of factors. These include soil erosion, deforestation, degradation and depletion of water resources, threats to biodiversity and fish resources, human habitat degradation, air pollution and climatic change. The land resources are further threatened by the demand placed on it by the very poor who, because of low literacy, have little access to information on sustainable

41 Malawi Gender Policy

agricultural practices. The nexus of population growth, poverty and illiteracy has led to sub-optimal and unsustainable resource utilization. The poor, being the most affected, have heavily discounted future income and pursue sub-optimal social consumption decisions leading to environmental degradation. Over-reliance on agriculture as the main engine of economic growth and inadequate development in the industrial and service sectors have promoted agricultural expansion with land use that has progressively deviated from suitable use at the present level of technology (traditional management). The consequence of this is that an increased proportion of the total cultivated land is exposed to degradation. Of the 4.6 million hectares of cultivated land, only 2.95 million hectares are suitable for agriculture under traditional management while the difference is marginal and unsuitable.<sup>42</sup>

The effects of the unsustainable resource utilization and improper land use and waste management is depletion, deforestation, overgrazing, land scarcity, agricultural expansion and contamination which have brought about the key environmental issues already mentioned above.

The Co-operatives movement has not developed a programmatic approach to addressing environmental issues. There are however initiatives that are being carried out at individual society level. Most of the agricultural based primary societies encourage members to plant trees and grass as part of the education process on best farming practices.

#### 6.5.4 Emerging Issues

- ✓ Most of the agricultural co-operative societies still have dependency syndrome developed during their promotion. There is need to work with them towards the realization of the need of operating as member owned organizations.
- ✓ There is need to develop synergy between the key actors involved in the promotion and development of co-operatives in Malawi.

### 6.6 Swaziland



#### 6.6.1 The Macro-Policy Context

The Swaziland government is currently running four national programs. The main two interventions are the National Development Strategy and the Swaziland Poverty Reduction Strategy. The basic macroeconomic facts tell the story why co-operatives are needed in Swaziland. Only 10% of the population control 40% of the national wealth and 40% control 14% of it.

With a population of 1.1million, the unemployment rate is 25% mostly in the rural areas. The HIV prevalence is 34.2% as measured in the year 2001. Agriculture contributes to Gross Domestic Product at 11% and industrial manufacturing 35% of GDP. Like any other developing country, agriculture is the backbone of the economy

<sup>42</sup> The National Environmental Action Plan.

where industrial raw material, livelihood and employment are primary moving factors. Irrespective of the fact that the kingdom is agricultural, Swaziland is still a food – deficit country. Only 40% of households produce sufficient food. The poverty of Swaziland is estimated by 66% of its population and living below the poverty line.

The objectives of the Swaziland Poverty Reduction Strategy have been outlined as:

- Cut down poverty from 66% to 30% by the year 2022
- Promote rural production, including cash crops
- Diversify the industrial base
- Develop a policy to support SMEs in the manufacturing sector as well as SMEs which add value and produce output needed as raw materials into the larger existing manufacturing sector
- Redesign a more decentralized transport and communication network to provide equal access to a more balanced distribution of investments
- Encourage the private sector to work with the government in the fight against HIV/AIDS
- The government has already established the Swaziland Environmental Authority to address critical environmental issues such as capacity building.

At the local level, the Swaziland government has embarked on the Tinkhundla (ward level) system whereby rural people will be given the opportunity to contribute to the development of their local economy. Through the Tinkhundla the central government will meet the rural people and establish a framework of dialogue for people's empowerment and resource support from the central government. Tinkhundla is the local focal point for rural development in Swaziland.

Swaziland faces a number of challenges in her development strategy as follows:

- Scarcity of skilled human resource capacity which affects negatively on the transformation of Swaziland
- Integration of the youth in development. The government is aware of the fact that the youth are left out in the general development process
- Gender mainstreaming policy
- Rationalization of the civil service to work effectively with the private sector
- Completion of a comprehensive Agricultural Development Policy for expansion of output and integrate it with HIV/AIDS mitigation. Vulnerable farmers will be supported with farm inputs.

The Swaziland Poverty Reduction Strategy does not make any reference to co-operatives, but it offers a number of flexible opportunities which could be exploited



by co-operatives. The Swaziland National Poverty Reduction Strategy shows the efforts of government on how it aims at creating conditions to reduce poverty from the current 66% to 30% by the year 2015. The strategy is also focusing the areas where the poor live and more specifically rural poverty.

Special features of the strategy include:

- Rapid acceleration of economic growth, based on broad participation
- Empowering the poor to generate income through economic restructuring
- Fair distribution of the benefits of growth through public expenditure.

The following objectives of the poverty strategy relate directly with the co-operative development in Swaziland;

- To promote rural production including cash crops
- Develop a policy to support SMEs in the manufacturing sector as well as SMEs which add value and produce output needed as raw material inputs into the larger manufacturing sector
- Re-design a more decentralized transport system and communication network to provide equal access to a more balanced distribution of investments
- The focus of the local level intervention is the ward or Tinkhundla where the rural people will have access to information and take part in discussions about their own development.

The areas of the strategy related to environment include the formation of the Swaziland Environmental Authority to address critical issues of capacity building, awareness creation and general environmental education.

On the youth, the strategy has recognized the need for integrating the youth in development. As for HIV/AIDS, the strategy makes the initiative of involving the private sector to work with the government in the fight against the pandemic. At the same time, the Government is preparing a comprehensive Agricultural Development Policy for output expansion and integrating it with HIV/AIDS mitigation.

### **6.6.2 Cooperative Development context**

The Co-operative development policy supports the equality of people's participation, establishment of education and training and an economically viable cooperative movement. The policy seeks to establish a system of accountability by setting up the Co-operative tribunal which will operate as an appeal body for co-operative disputes.

Another structure declared by the Cooperative Development Policy in Swaziland is the formation of the Cooperative Advisory Board. The advisory board is a mechanism to assist both the government and the cooperative movement in entering

into a partnership dialogue for sustainable co-operative development in Swaziland. Internal to the co-operative movement, the cooperative policy in Swaziland supports the formation of interest-based apex organizations for specialized cooperative interest including the co-operative bank as a business centre for the savings and credit cooperative movement.

The main objective of the Swaziland Cooperative Policy is its intention to promote a participatory – driven cooperative movement with gender equality.

The other objectives include:

- Enhancement of member participation with gender
- Setting up legal and institutional framework for cooperatives
- Providing assistance to the development of human resources for the cooperative movement.
- Supporting a conducive environment for freedom of association.

The policy defines specific roles for all players supporting the cooperative movement in Swaziland; while the government deals with registration liquidation and regulation, the Advisory Board deals with the formation of suitable collaborative arrangements to promote growth of the cooperative movement in Swaziland.

The Cooperative College will deal with the production of human resource capacity and general cooperative education. The Tribunal to deal with disputes and hasten the process of cooperative court cases.

Policy interventions where the government will support the co-operative movement;

- It allows the formation of interest-based apex organizations based on specialized interests. But also promotes the formation of one federative structure.
- Sets up the Co-operative Tribunal for settling co-operative disputes
- Sets up the Co-operative Advisory Council to promote dialogue and collaborative frameworks within and outside the co-operative movement
- In its objectives, the policy supports peoples participation, gender mainstreaming, human resources development and freedom of association
- The policy is however is silent on who promotes the establishment of new co-operatives.

On the questions of member participation in the formulation of co-operative policy and the law, there were mixed explanations and interpretations; Swaziland made use of external consultants to process the formulation of the policy and legislation. This made government officials like the Commissioner for Co-operative Development to claim that the members were extensively involved. But some members accept participation but they argue the exercise needed basic research first before moving



into the formulation itself. Others think that there was involvement rather than participation because the members attended the meetings but never gave their observations and comments. They argue that members were not given sufficient time to make their own contribution. These arguments do point at the fact that co-operative policy formulation is both a process and methodological.

### **6.6.3 The Co-operative Sector**

Co-operatives were established in 1964. As An agricultural country, co-operatives started with agricultural supply activities. Co-operatives in the rural areas were more concerned with enhancement of productivity. In the year 1968, the Central Co-operative Union of Swaziland was registered to service rural primary societies with agricultural inputs and co-operative education. Over the years, the Central Co-operative Union of Swaziland saw the need for the supply of consumer commodities in the rural co-operatives. This introduced a new business structure of the agricultural co-operative society in the rural areas. The new line of business in consumer goods made the rural agricultural co-operatives become Multi-purpose co-operatives. A multi-purpose co-operative society is a co-operative that performs many of the functions needed by the members.

The Central Co-operative Union therefore opened consumer stores with agricultural co-operatives in the rural areas known as mini super markets. The emergence of mini-super markets was followed by the introduction of other service demanded projects such as harmer mills as part of the multi-purpose character of the primary society. The Union would carry out business with primary multi-purpose co-operatives in the supply of agricultural inputs, the supply of consumer goods and co-operative education.

The other types of co-operatives in Swaziland include the Savings and Credit co-operatives and the poultry marketing co-operatives. As such, the Swaziland co-operative policy and legislation sets up three types of apex organizations vertically linking the agricultural multi-purpose co-operatives, the fruits and vegetable co-operatives and the SACCOs at the national level respectively. The team interacted with the SACCOs movement and the multi-purpose rural co-operative more than the poultry marketing co-operatives. The largest part of the SACCOs movement is employee-based and commanding one of the highest recorded number of membership per co-operative society across Africa. The national apex is Swaziland Association of Savings and Credit Co-operative Organizations (SASCCO).

The other institutions in the Swaziland co-operative sector are what could be called the co-operative support organs. They are all government institutions. They include the government department of Co-operative Development in the Ministry of Agriculture and Co-operatives. The department is custodian of the Co-operative Act, registration and liquidation of co-operatives. It also deals with co-operative audit and supervision and general co-operative development. The Co-operative College of Swaziland offers co-operative education and training. The Swaziland Co-operative policy of 2003 institutionalised two more structures to support co-operative

development. They include the Co-operative Tribunal designated to deal with co-operative disputes and arbitration. The Co-operative Advisory Council is another support structure aimed at providing co-operative advisory services as well as co-operative collaborative arrangements between the government and the co-operative movement in Swaziland.

#### **6.6.4 Promotion**

Promotion of co-operatives is still done centrally by the government. Other agencies are also promoting co-operatives. In our visit to Swaziland, we could not come across any alternative organization that was doing the job. But we also know that government efforts are not sufficient.

#### **6.6.5 Co-operative Legislation**

The Swaziland Cooperative Act has 15 parts, but mainly falls into three major categories.

##### **6.6.5.1 Basic Standard Structure of the Co-operative Act**

The Co-operative Act no 5 of 2003 has been enacted to support the development of co-operatives in a liberalized market environment. It is expected to be promotional of co-operative organizations. The Act has three major areas that define different levels of interaction between the co-operative movement and the government:

- (i) Basic and standard procedures and strictly legalistic-Preliminary, Definitions, Objectives of a co-operative society and the co-operative principles.
- (ii) Legal procedures but need more dialogue with the members of co-operative organizations-Audit and enquiry, amalgamation, transfer, division, conversion of co-operatives and settlement of disputes.
- (iii) Co-operative Business Management: This part carries the general business aspects of the co-operative organization and structures where more interaction between the government and the co-operative movement, is required. They include - Apex organizations and the national federation, organization and management of co-operatives, property and funds of a co-operative and miscellaneous.

The interaction process in the formulation of the co-operative Act as such will make the co-operative movement; own it at the level of implementation. Apart from the process of interaction on the formulation of the sections of the co-operative Act, the Co-operative Act of Swaziland has two important instruments which generate enforceability and the institutionalisation of advisory services in the cooperative movement. The co-operative Tribunal is useful in the settlement of disputes hence making the co-operative Act more enforceable. The Co-operative Advisory Board deals with internal advisory services to sustain dialogue between the government and the co-operative movement.

## 6.6.6 Participation of Cooperatives in Policy and Legislation

There was minimum participation in co-operative legislation process. Some members complained of the fact that they were not even allowed to discuss it. Some of them chose to keep quiet. It is therefore consequential that the members who actually participated in the exercise were very few and unrepresentative of Swaziland.

## 6.6.7 Cooperative Structures

According to the Cooperative Act, No. 5 of 2003, the Cooperative movement is set on a three-tier structure – primary, national specialized apex and the federation.

The main specialized sectors of the co-operative movement are:

- The Swaziland Association of Savings and Credit Cooperatives (SASSCO) for Savings and Credit Co-operatives.
- The Central Co-operative Union for the agricultural and Multipurpose cooperatives (CCU).
- Asifuyisane Central Poultry Co-operative Union for poultry co-operatives (ACPCU).

During the time of the study, the Central Co-operative Union of Swaziland was under liquidation due to business failure. Also up to the time of this study the Swaziland National Federation of Cooperatives had not been formed though it existed in the law.

The liquidation of the CCU has caused abrupt disruption of business flow into the rural areas because primary societies enjoyed the credit system in the acquisition of farm inputs like fertilizers and consumer goods using the co-operative channel. After the CCU fall out, they have to deal with private traders and companies demanding cash on delivery. The movement has with the support of the government responded to the vacuum that would have been created by the liquidation of CCU by establishing a new organisation, the Swaziland Farmers Co-operative Union (SWAFCU). The new organisation has obtained provisional registration with a membership of 16 primary societies. It will replicate the CCU by serving the farming interests of the member societies first with ordering and distribution of fertilisers.

It must also be noted that in Swaziland, there are primary co-operative societies in agriculture and financial services not affiliated to any of the existing national structures.

Working under the SASCCO, the savings and credit co-operatives are planning to integrate at the national level through the formation of the Co-operative Bank of Swaziland.

## **6.6.8 Contribution of Cooperatives to Socio-economic Development**

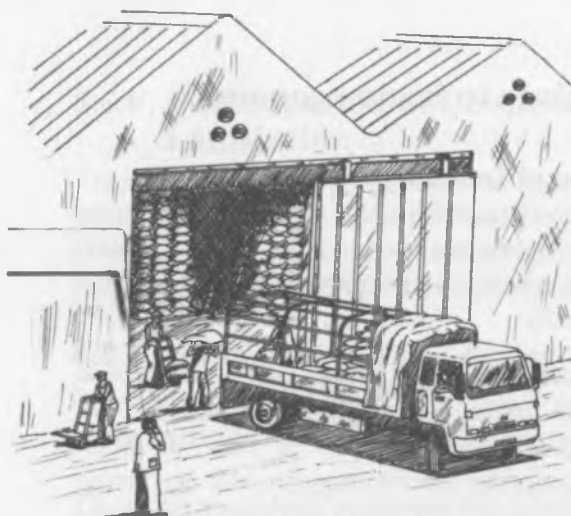
### **6.6.8.1 Co-operatives in the Reduction of Income Poverty**

The long-term aim of the existence of co-operatives is the reduction of income poverty. There is general agreement that co-operatives have reduced income poverty in Swaziland. The following are the areas where co-operatives in Swaziland have contributed to the reduction of income poverty:

- ✓ Co-operatives in Swaziland fall mainly in two sub-sectors- the multipurpose, agricultural and the savings and credit co-operatives. In the face of liberalization co-operatives are providing protection to their members against exploitation by making appropriate interventions in crop marketing. The business relations between the former CCU and rural primary societies in rural Swaziland are a case in point. The CCU would supply farm inputs and implements to all member rural co-operatives on credit. CCU would deliver all farm inputs in time and hence sustain rural productivity.
- ✓ The savings and Credit Co-operative societies are popular institutions for both rural and urban areas. The SACCOs make available financial services to the members with minimal collateral security. The existence of the savings and credit co-operatives introduce a new group of investors in the Swazi economy. Members who borrow, invest the money into income generation projects. Popular projects in Swaziland are poultry, commercial housing, piggery and vegetable gardening.
- ✓ Co-operatives both in agriculture and financial services are contributing to food security and the development of human capital. Rural agricultural co-operatives have access to timely farm inputs and hence the ability to sustain higher levels of productivity. Savings and credit co-operatives provide credit during the peak season when prices are low so that the members can afford to wait until market prices are reasonably high. Members from all surveyed co-operatives have accessed credit from their SACCOs for paying school fees.
- ✓ Swaziland is a middle poor country. But 66% of the population is the unbankable poor. By joining savings and credit co-operatives, they start climbing the credit ladder and become credit worthy.

### **6.6.8.2 Employment Creation**

Co-operatives are employment creation organizations. Whenever a co-operative is being formed, basic operational staff will be needed. All the surveyed countries are agricultural. Swaziland is no exception. In countries like Swaziland, agriculture is the main source of employment. But co-operatives in agriculture bring more organized form of employment. First is the direct operational job creation, second is the employment generated by the input side of the co-operative organization. When there is an active rural marketing co-operative for maize, then the demand for maize becomes a source of job creation. But there is job creation in the forward linkages of



**EMPLOYMENT CREATION:**  
Workers arranging farmers produce in a ware  
house, transport to airport for export and other  
markets

marketing co-operative. All the associated activities of marketing, storage, processing and transportation are creating jobs.

Overall, sectoral employment figures were not available, but the surveyed societies made significant contribution to direct employment. Swaziland National Teachers SACCO with a membership of 7,500 had 23 permanent staff, Asikhutulisane SACCO also with a membership of 7,500 had 12 permanent staff, Sigangene Farmers Co-operative Society with a membership of 12 had 6 permanent staff, and BBBB SACCO with 3,573 members had 6 staff.

### 6.6.8.3 HIV/AIDS

The total government system has a policy framework of mitigation the HIV/AIDS pandemic. There is a national program on HIV/AIDS mitigation through different agencies both governmental and non-governmental.

It is also generally acknowledged that cooperatives are strategic organizations in the mitigation of HIV/AIDS. For example, the Ministry of Agriculture and Cooperatives is in the process of developing a Comprehensive Agricultural Development Policy that among other things will see how to address the HIV/AIDS in agriculture and how to support vulnerable farmers in getting access to agricultural inputs. Government officials think there are three areas which limit Cooperatives from direct intervention into HIV/AIDS campaigns:

- (a) Agencies and NGO s dealing with HIV/AIDS directly do not see cooperatives as means of fighting the HIV/AIDS pandemic.
- (b) Cooperatives themselves feel that their role is to improve the economic and social conditions of their members.
- (c) Cooperatives know, there is a national program to mitigate HIV/AIDS hence they feel it is enough and they do not need to spend their merge resources duplicating efforts.

There were no societies which had HIV/AIDS programs in their structures. At the BBBB Savings and Credit Cooperative Society and cited two reasons; their members belong to different Ministries, which had HIV/AIDS mitigation programs hence they could do without one. Secondly there are national central government programs. But there is agreement that a locally – based HIV/AIDS program was necessary given the magnitude of infection in Swaziland.

At SASSCO national association felt there was need for cooperative response but at the moment there was none because they felt that the fact that there was the National Aids Response Committee and the fact that some individual members of cooperatives were also taking part in the committee, this was sufficient not to involve the Cooperatives. In the cooperative organization, there are forums where HIV/AIDS issues are addressed. At SNAT – they have not put HIV/AIDS on the agenda although cooperative members die of the pandemic. At Asikutulisane, the irony was that the Cooperative had lost membership and financial resources due to the HIV/AIDS pandemic, but they had done very little about it. At the moment, the leadership is thinking of developing a new product to take care of HIV/AIDS. At Ngwempisi they claim that 5% of the members belong to some AIDS support groups outside the cooperative society. As such, there is no such programme in the cooperative society.

Generally, the cooperative movement has sidelined itself from the mainstream campaign against HIV/AIDS.

#### **6.6.8.4 Youth**

Cooperatives have one of its guiding principles, on the concern for present and future generation. This is a principle which put the youth and especially the cooperative preparation of the youth as future co-operators. The government has expressed concern about integration of the youth in the mainstream economy and is considering developing a Youth Development Policy.

The Youth situation at the Cooperative enterprise level is different. At BBB Savings and Credit Cooperative Society, there is no program to integrate the youth in mainstream cooperative practice. The same applies to the national association of SACCOs SNAT have not put all crosscutting issues on board. There is a thinking that there is need for external intervention on the issue and secondly BBBB thinks there is need for networking between the lower level and the it is only at Asikutulisane where the SACCO is encouraging youth involvement to open individual Savings accounts but no youth program. At Sigangene, agricultural business belongs to the parents and there is no youth program. At Ngwempisi they have provided sports gear to engage the youth to appreciate the cooperative advantage and avoid the risk of contracting HIV/AIDS.

The UNDP has a project at the ward to construct the digital village where the youth would be trained in Computer operations and information Technology in general.

Co-operative officers are not doing sufficient cooperative extension work but on the other hand Agricultural extension staff is promoting agricultural associations and not cooperatives. Co-operative officers would have been instrumental in integrating youth into cooperatives.

#### **6.6.8.5 Gender**

At the macro-level, the position of the government on gender is very clear. There are vigorous attempts to mainstream gender in policy formulation.

In government policy papers including the Cooperative Policy, there is demonstration of the need for gender balance. One of the central objectives of the Cooperative policy of Swaziland is to promote a participatory driven cooperative movement with gender equality. Such policy statements call for practical application at the institutional level, especially when the institutions are democratically principled. When it comes at the ground level of the cooperative enterprise the situation is different. Most cooperative organizations have more women members than men. This however is not a result of affirmative action on gender balance it is rather a product of the labour market itself which tends to have more women than men. All co-operative societies surveyed in Swaziland did not have gender policies or gender mainstreaming.

#### **6.6.8.6 Environment**

Environment is rigorously considered at the macro-policy level. In the national Poverty Reduction Strategy, the government of Swaziland has already put in place, the Swaziland Environmental Authority (SEA). The authority will address critical issues in environmental management such as environmental education, capacity building public awareness and waste disposal management. But at the Co-operative level, environment is a suspended agenda.

The Cooperative policy itself does not touch on the environment. Swaziland agricultural Co-operatives make use of chemical fertilizers but they carry no programs on the environment.

Savings and Credit Cooperatives such as Asikutulesane have knowledge about the environmental impact of loaned projects and yet they are less sensitive to those issues – and concerns. It is only at Ngwempisi where they are popularising wattle trees known for protecting the land against soil erosion.

#### **6.6.9 Emerging Issues**

- (i) The SACCOs movement is spearheading the development of the co-operative bank by the savings and credit societies.
- (ii) The formation of the Co-operative Advisory Council as framework for dialogue and developing mechanisms for the development of appropriate structures to link the government and the co-operative movement as equal partners.
- (iii) The economic viability of multipurpose co-operatives vs efficient agricultural marketing co-operatives in rural Swaziland.
- (iv) The co-operative College Swaziland weakness in producing the required technical staff for service to a needed co-operative movement in Swaziland.
- (v) What form of national federative structure will be implimented now that the one proposed by the Act and the policy is not yet formed and one of the member organizations is under liquidation.

## 6.7 Tanzania



### 6.7.1 Macro-economic Policy Context

The liberalization process is wide and affecting the performance of economic agents widely. There are few public institutions that are yet to be privatised.

The privatisation drive in Tanzania and the satisfactory annual growth of the economy averaging 6.2% per annum in the last three years has yet to be seen at the micro-economic levels. Authorities in government state that a minimum growth rate of 8% per annum, has to be attained before the economy can start to see signs of poverty alleviation at the grassroots level. There are efforts by donors which must be complemented by effective utilization and to a greater extent by domestic resource mobilization, because countries will alleviate poverty through their own internal resources and efforts.

Policy making and development intervention in Tanzania evolves around the vision 2025 and the complementary National Strategy for Growth and Poverty Reduction (NSPR) in Swahili known as MKUKUTA.

While the long-term agenda of the existence of co-operatives is poverty reduction, it is important to note that the current Poverty Reduction and Growth Strategy sector recognizes the contribution of co-operatives especially the Savings and Credit Co-operatives. When it comes to agricultural co-operatives, the strategy sees the role of government in making export guarantee support intervention only. The strategy is silent on the organizational dimensions of the co-operative enterprise and its entrepreneurial aspects.

One remarkable indicators of the extent of liberalization and the influence of direct foreign investments in Tanzania is the widening of the export sector which include coffee, cotton, tobacco sunflowers, seaweed, cloves, horticultural products, fish products, minerals (diamonds gold and gemstones) services such as tourism, communications, construction, financial services, insurance and computer technology.

Despite the restructuring efforts with a growth rate of the economy higher than it was in the last ten years. Tanzania continues to face the challenges of a weak and a small – size agricultural economy. Smallholder agriculture still dominates the economy with 46% contribution to the GDP, but subscribing to 80% of total employment. Although agricultural production has increased over the past few years as a result of liberalization policies, large amounts of crops do not reach profitable markets due to poor infrastructure resulting to low financial flows to small farmers and income poverty. That is why the main interventions of the Poverty reduction strategy, include investment in human capital and capital investments (especially in transport, power and ICT). There will also be investments to enhance factor



productivity and the mini-tiger strategy targeting Export Processing Zones and Private Sector Development.<sup>43</sup>

The broad policy framework as laid down in the Poverty Reduction Strategy is taking agriculture as the leading sector, because of its gravity in employment and its contribution to livelihoods in the overall economy:

The main objective of the strategy is to deepen the ownership of the planning process through citizen participation as a continuous process. As part of the Poverty reduction strategy, the government aims at reducing unemployment from 12.9% in 2001 to 6.9% in 2010.

### **6.7.2 Co-operative Development Context**

Co-operatives are critically recognized by the Co-operative Development Policy of 2002, as important institutions for the mobilization of the population into the associative economy as a strategy for the reduction of income poverty. Co-operative business is not just associative and inclusive, but it is also based on human values of self-help promotion, equality, equity and democracy. Going with this position, the Co-operative Policy gives clear objectives as follows:

- Creation of an enabling environment for growth,
- Encouraging the establishment of member owned Co-operatives
- Protecting Co-operatives against unfair competition
- Encourage internal capital mobilization
- Expanding access to co-operative education and training
- Support the establishment of co-operative in other sectors of the economy by collaborating with other Ministries.

The policy recognizes the internationally accepted cooperative principles as well as gender balance in membership and leadership, the role of the youth and environmental issues as part of co-operative development.

On the structure, the policy sets out three basic principles of evolution; first, is the centrality of the primary society as the heart of Co-operative development in Tanzania. Second, it sets out the frame for freedom of association by recognizing the primary level and the federation, leaving out other structures to be decided by the members on the basis of economic viability. It is therefore the expansion of cooperative business that will determine the structure and not the other way round.

Third, there are clear roles of the recognized primary and federative levels. The primary society will deal with the conduct of main business while the upper level supports cooperative business and lobbying to influence government policy.

<sup>43</sup> The Mini-tiger is a separate strategy developed in the late 1990s to turn the country on the foundations similar to the Asian mini tigers of development)

The other important features of the Co-operative Policy in Tanzania concern the issues of governance. They include the setting up the leadership code of conduct, basic qualifications for leadership, the formation of supervisory committees, and limitation to tenure of office for leadership and the separation of co-operative leadership from political involvement.

The policy recognizes that for cooperatives to face the challenges of local and international competition in business, they needed advanced management capacity and internal finance capital to meet those needs. Co-operative education and training has been enhanced to degree level and the support for the development of a vertically integrated co-operative system in the financial services sector, from Savings and Credit Associations, Savings and Credit Co-operatives, co-operative banking and insurance.

### **6.7.3 Promotion**

Legally and financially, the promotion of co-operatives is in the hands of the government. But practically, co-operative promotion in Tanzania is carried out by Non-Governmental Organizations (NGOs). The promotion of NGOs however, face two limitations; some do not have sufficient funding to complete the promotion process. Others are may be confined to few geographical areas. On the other hand, government promotion faces two challenges. First, it may not have the funding to promote co-operatives across Tanzania. Secondly, co-operative promotion by government may give wrong signals to the community that the government is promoting state owned co-operatives. Consequently, the government need to consider the following options:

- (i) To off-load the promotion responsibility and hand it over to the co-operative movement and NGOs with funding support. In this case, the government could guide the tools and methods of effective promotion and monitor quality control.
- (ii) In order to expand co-operatives in other sectors of the economy, the functions of registration of co-operatives could be decentralized into all other ministries and at the ward level through a form of delegation. The decentralization will cut down the registration bureaucracy, but it will give the Registrar time to oversee quality control of the registration process.

### **6.7.4 Co-operative Legislation**

Tanzania followed the usual logical sequence of formulating the policy first followed by the Co-operative Act. No. 20 of 2003. The Act recognizes the need for developing member – driven cooperatives in Tanzania. It tries to focus on useful guidelines of understanding the role of the government in the promotion and development of co-operatives of all types in the country.

Looking at the sections of the Cooperative Act and comparing it with the need for promoting member-owned co-operatives, the analysis we gave in discussing the

Swaziland co-operative Act applies here also. It involves the interaction between the co-operative movement and the government in the development of all-important sections of the Act. When it comes to the co-operative business part of the Act, there should be more member participation and include the inputs of the co-operators.

### **6.7.5 Participation in Co-operative Policy Formulation and Legislation**

Co-operatives can become effective institutions in the reduction of poverty if they take effective role in debating national issues of concern including poverty. During the formulation of the current policy and legislation, very few of the interviewed cooperatives reported to have participated. Of the surveyed co-operatives, only 2 or 25% reported to have participated in meetings organized by the Tanzania Federation of Co-operatives (TFC) to discuss policy and legislation.

Those who participated were concerned about the high speed in which the workshops were organized. They were also concerned by the fact that while the Co-operative Policy and Law formulation process was conducted in the local Swahili language; the Co-operative Act document was in English. This has put them in a distance. The ICA has made progressive intervention through the Tanzania Federation of Co-operatives, whereby the current Co-operative Act has now been translated into Swahili language.



**Multipurpose Co-op Union**  
Participation in the selection process of leadership

One of the constraints in the participation of co-operatives in policy and legislation is their population. According to the Economic Survey 2005, the total number of cooperatives was 5,462 with a membership of 704,160. The membership in the financial cooperatives reached 254,651 with total deposits reaching 44.6 billion Shillings. Compared to the Tanzanian population of 35 million, co-operative membership is 2.1% of total population. This is a proportion with basic numerical limitations in influencing policy and legislation. Except for the Dunduliza network which demonstrates the characteristics of a horizontally integrated network, the rest of the co-operative system in Tanzania is atomised where individual co-operatives are connected regionally or nationally for the administration of democracy, elections and education. The vertical integration of co-operatives as such, has the advantage of linking co-operatives nationally in order to achieve lobbying and advocacy objectives. This kind of structure is weak when it comes to economic empowerment of the co-operative movement, because individual co-operatives will have to compete alone when they face market competition. The co-operative movement will therefore, need to network horizontally in order to give it an opportunity to articulate comparative economic advantages through co-operation among co-operatives.

### **6.7.6 Co-operative Structures**

The structure of the Cooperative movement is driven by the Co-operative Policy and the Co-operative Act No. 20 of 2003. The Act stipulates a two-tier structure recognizing the primary society and the national federation. The Co-operative Act No. 15 of 1991 stipulated a four-tier structure starting with primary society level, secondary union, crop apex and the national federation.

Although the 1991 Co-operative Act has been repealed, the structures set by the 1991 are still operative in the following manner:

- (i) Agricultural Marketing Co-operatives are on a four-tier structure.
- (ii) The Savings and Credit Co-operatives are on a three tier structure.
- (iii) Industrial cooperatives are on a three tier structure.
- (iv) Housing and other types of cooperatives do not fall in any of their tier structures. They are on a stand-alone mode.

Primaries are specialized commodity cooperatives such as coffee, cotton, tobacco and cashew nuts. Since 1991-92 crop apex bodies have been dying out and currently the tobacco apex is the only one remaining. Industrial Co-operatives are more urban but weak. Savings and Credit are more urban and employee based. There is currently a growing wave of both urban and rural Savings and Credit Co-operatives.

There are non-affiliated co-operatives in housing, fisheries, mining and even some agricultural marketing, Savings and Credit and industrial co-operatives. The

possibilities for the formation of co-operatives in other sectors of the economy are wide, given the resource base as well as the flexibility provided by the current Co-operative Societies Act.

The basic structure set by the 2003 Co-operative Act, allows the flexibility of primary societies affiliating directly with the national federation. It also allows the federation and existing primary societies to interact and re-design the most effective ways of affiliation to build a strong national voice as well as support mechanisms for strengthening cooperative business at the grassroots level. The complexity of the structure of the Tanzanian cooperative movement is how to manage the coexistence of operating structures set up by the 1991 and 2003 Co-operative Acts.

### **6.7.7 The Co-operative Reform and Modernization Program (CRMP)**

The Co-operative Policy and the Act needed an implementation strategy. There was consensus in government and other co-operative stakeholders that the new policy and the Act came at a point when the co-operative movement, was still held back by old structures, leadership and an old culture of doing business. Likewise, the co-operative support institutions needed their own reforms and new mind sets to effectively facilitate changing the co-operative movement into a new context of competitive business. The CRMP, is therefore seen as an innovative strategy for the introduction of major reforms in an old-structured co-operative movement, but guided by a new policy and legal framework. It is also an important guideline for designing different kinds of interventions on the basis sub-projects for inducing the required reforms.

Currently, however, the CRMP faces a snag of lack of funding since it was declared in 2005. The implementation evolves around the Agricultural Development Strategy. Irrespective of the funding hitch, the CRMP stands out as the first of its kind where a policy has been translated into a comprehensive implementation strategy.

### **6.7.8 Contribution of Cooperatives to Socio-economic Development**

#### **6.7.8.1 Poverty Reduction**

There is general recognition by Tanzanians that co-operatives are all about the reduction of income poverty. But when it comes to natural resource endowment the chairman of one of the primary societies in the survey, pointed out as follows, There is general agreement that people are not poor but they need an organization that functions (Swai:2006). If you have functioning co-operatives then poverty reduction is a real challenge and can be addressed. This does not mean if co-operatives are not there, poverty is not a challenge, but rather, what we see is the fact that co-operatives have the characteristics of organizing the broad community into income generating projects more effectively, than if they did it alone.

One of the main problems of assessing the role cooperatives have played in poverty reduction is the lack of statistical information. In the government Economic Survey, there are two paragraphs about cooperatives showing their global figures of membership and deposits. The Ministry of Agriculture Food and Co-operatives has accumulated experience in co-operative data collection and management. But this data does not enter into the records of central government statistics. Consequently, we had to depend on information given during interviews as follows:

**(i) Financial Services**

Savings and Credit Co-operatives and Co-operative banks provide savings services as well as credit for improvement of production in rural areas thereby improving rural livelihoods. Co-operative banks provide group and individual loan products to poor people who would otherwise not be able to access normal credit from ordinary commercial banks.

**(ii) Members Turned into Investors**

Savings and Credit Co-operatives create groups of investors. The Wazalendo Savings and Credit Cooperative Society at the Moshi University College for example, have created small businesses serving the student and staff community of about 2000 people. Wazalendo became a deficit society because the monthly deposits of 25 million shillings would not match with a monthly loan demand of close to 200 million shillings.

**(iii) Developing Special Projects Compatible with the Poor**

Co-operatives create possibilities for the poor to transform their economic life. Karansi primary society in Kilimanjaro Region operates credit arrangements through farmer groups for accessing timely farm inputs. Kilimanjaro native Co-operative union has a program of branding coffee and enters the specialty market for the crop. The Union is also introducing organic coffee, which fetches the higher prices in the world market.

**(iv) Financial Products for the Poor**

The Kilimanjaro Co-operative Bank is running a government backed Warehouse Receipt System where co-operative can access credit on the basis of coffee receipts as collateral security.

**6.7.8.2 Employment Creation**

Co-operatives are formed by people to respond to their economic and social needs. Wherever such cooperatives are formed, people are hired to work as managers and staff. This creates employment. The employment levels of the surveyed organisations are as follows: SCCULT has 33 staff, Arusha Co-operative Union has 11 staff, Kilimanjaro Co-operative has 13 staff, Masama Mila Co-operative Society has 5 staff, Kilimanjaro Co-operative Bank has 21 staff, Wazakendo Sacco has 3 employees and Karansi Co-operative Society has 4 staff.

For co-operative organizations the nominal employment is the starting point for indirect employment. First there is employment impact by all 5,730 societies in Tanzania, and if each employs a minimum of 5 people, the result will be the cooperative movement



employing 28650. But also members who access economic benefits and credit, invest in various projects which employ people.

### **6.7.8.3 HIV/AIDS**

The National Strategy for Growth and Poverty Reduction addresses HIV/AIDS as a major critical issue. The National Institutional framework and NGOs have funding support from international donors. But when it comes to cooperatives, major differences are clearly noticed.

- (i) The Cooperative Policy has failed to recognize HIV/AIDS pandemic as a major issue to be integrated into cooperative development.
- (ii) With a few exceptions, most cooperatives interviewed are more concerned with the business side of their members than with their health and HIV/AIDS

All Co-operatives however, agree and have had general discussions about HIV/AIDS. Co-operatives also believe that the mitigation of HIV/AIDS, must be associated with large donor-funded projects. And yet at the household level of the members, the pandemic is devastating the population, leaving out orphans. Of all the surveyed co-operatives in Tanzania, the Kilimanjaro Native Co-operative union has a more comprehensive approach in dealing with effects of the HIV/AIDS pandemic. They have designed the battalion program where they take over the education of orphans and those children from poor families at a minimum number of 200 children. The KNCU however, does not have a mitigation program on HIV/AIDS.

### **6.7.8.4 Youth**

While there is a Youth Development Policy, there is no youth development program or strategy at the national level. In the surveyed coffee co-operative societies in Kilimanjaro and Arusha, youth unemployment is visible. Surveyed primary societies like Masama Mula, Karansi and Wazalendo SACCOS do not have strategies and programs for the youth. Wazalendo however, is managing a secondary school within the MUCCoBS compound where co-operative subjects are being tested with the aim of creating co-operators at school. Kilimanjaro Co-operative Bank is promoting sports among the youth to solicit customers and not to promote them for gainful employment. Karansi primary society is promoting diary and coffee development projects where they think the youth would be involved as ordinary farmers.

### **6.7.8.5 Gender and Environment**

As it is in other crosscutting issues, gender and environment have been recognized at Ministerial policy levels. There is also recognition of gender and environment in the Co-operative development policy.

But when it comes to the cooperative organizations themselves, this policy recognition is marginally put into practice. Where gender is recognized, is only by representation in

the leadership such as at Arusha Cooperative Union, six out of eleven board members are women.

The new Masama Mula primary society the bye-laws, will reserve two positions in the Board for women. In Karansi Co-operative society, the manager is a woman but they do not have one in their Board. At the Kilimanjaro Native Cooperative union, the management sees the issues of gender and the youth as permanent agenda for co-operative development in the region. They have started a four-year training program through which the issues of gender and youth will be strategised.

### **6.7.9 Emerging issues**

The Co-operative Societies Act No. 20 of 2003 has introduced the concept of joint enterprises in section 21(1) where a network of co-operatives may form associations and in section 21(2) where primary societies may form a joint venture or joint enterprises, allowing cooperatives to form co-operative structures with capital-based companies or forming co-operative - like companies like the Dunduliza network of financial co-operatives.

#### **(i) Dunduliza Network**

Working in association with the DID of Canada, the Dunduliza network of Savings and Credit Cooperatives is built on local clusters of communities of SACCOs. The communities of SACCOs are currently in Dar es Salaam, Mwanza, Mara and Ruvuma regions.

In all the clusters, the SACCOS know each other and they are affiliated to a professional Co-operative – like company.

The SACCOS in the Dunduliza network use same system of Accounting and reporting. They use standard procedures of product development and management systems. They are all IT driven and they have a professional system of internal surveillance and governance. They are in rural and urban areas with a membership of 35 SACCOs.

There are similar types of networks currently emerging in Kagera and Kilimanjaro regions. The two regions have strong coffee economies with long standing experience of co-operative banking.

#### **(ii) Co-operative Banks**

Tanzania has a rich history of the Co-operative enterprise in general and Co-operative banking in particular. In 1968, Tanzania had one of the first co-operative banks in East Africa- the Co-operative Bank of Tanzania. The bank was dissolved during the era of central planning economic policies.

Currently, there are two regional co-operative banks; the Kilimanjaro Co-operative Bank and the Kagera Farmers Co-operative Bank. The banks are formed through shares from Savings and Credit Co-operatives and agricultural marketing co-operatives





in their respective regions. The banks are registered as co-operative societies as well as licensed as financial institutions by the Bank of Tanzania.

As normal banking financial institutions, co-operative banks accept deposits from the general public, but with their rural connectivity, they have greater opportunities for offering credit to rural enterprises, reversing the historical trend where financial resources flow from the rural areas to urban investments.

The co-operative banks however, have no affiliation to any of the existing national co-operative structures.

### **(iii) Co-operatives and Crosscutting issues – HIV/AIDS, Gender, Youth and Environment**

Since 1997, all government ministries put up policies on all cross cutting issues of gender, youth, HIV/AIDS and environment. The National Environmental Policy is under the Ministry of Natural Resources and Tourism. Youth Development Policy is under the Ministry of Employment Generation, Youth and Labour, while the Gender Policy is under the Ministry of Community Development, Gender and Children. The HIV/AIDS Policy is implemented under the Ministry of Health and Social Welfare and the Prime Ministers Office.

The Co-operative Development Policy under the Ministry of Agriculture, Food and Co-operatives, is therefore expected to co-ordinate all those co-operative related activities in government. When it comes to those cross cutting issues, the Ministry of Agriculture Food and Co-operatives will need to re-contextualize such issues and cultivate more efforts beyond itself with the involvement of the co-operative movement itself. Otherwise, with the current ministerial arrangements it will be difficult to have a holistic assessment on how cross cutting issues are being addressed by the co-operative movement.

# 7.0

## The Impact of Co-operatives in Socio-economic Development

### 7.1 Introduction

This chapter looks at the impact of co-operatives on national economic and social development with a focus on income poverty alleviation, employment creation and response to some of the current social issues.

In most countries the most active sub-sector is the savings and credit co-operatives. The agriculture marketing co-operatives though at one time strong in a number of countries had to face up with the challenges of liberalization and globalisation and are currently being reorganized in order to fit into the current competitive situation. Other forms of co-operatives are limited or are just being initiated.

It is observed that in most of the countries the promotion of co-operatives has been done mainly by the government. However in recent years there has been increasing involvement of development agencies that see co-operatives as vehicles of poverty alleviation particularly in the rural areas.

While in the past agricultural marketing co-operatives were focused mainly in the rural areas, the emergence of financial services co-operatives that are mainly employee based and urban based can be attributed to the rural/urban trends that is a common feature in most countries. After liberalization and decline of the marketing co-operatives rural areas have suffered more in comparison to urban areas. This brings about the argument that the demand for co-operative organizations is still critical to the rural areas. Though there are attempts at community based co-operatives (particularly SACCOs) they have still not responded effectively to the situation. Therefore the promotion of all types of co-operatives is needed in the rural areas.

### 7.2 Emerging Scenario on Contribution of Co-operatives

The country findings reveal that co-operatives are involved in most spheres of economic and social life. These may vary from country to country. The variation depends on a number of factors which include: the extent of mobilization of co-operatives in the

respective countries, the demand by members, and other environmental factors such as the state of the economy, climatic factors, and technology. These factors do not only apply to the study countries, but to the whole of the African continent. The kind of involvement of co-operatives in these countries may not be very different from the other countries in the continent.

The state of technology in most countries is almost the same, there are climatic patterns that cut across most countries, and the emerging political scenario has many similarities, as well as similarities in socio-economic status in most countries. There are also similarities in the sectors where co-operative involvement has been demonstrated in most African countries such as agriculture and financial services. These are key sectors because they respond to key livelihoods including household food security and household income with knock-on effect to areas like education and health.

Where co-operatives have been predominant in these countries, it shows that the degree of commercialisation or enterprise development has had an impact of building confidence and empowerment of the respective communities.

The table below presents areas of co-operative involvement in all the six countries.

**Table 5: Areas of Contributions by Cooperatives**

	<b>Botswana</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Malawi</b>	<b>Swaziland</b>	<b>Tanzania</b>
Household Food Security	✓	✓	✓	✓	✓	✓
Household Income	✓	✓	✓	✓	✓	✓
Education	✓	✓	✓	✓	✓	✓
Community Level Infrastructure Development.	✓	✓	✓	✓	✓	✓
Social/Cultural & Welfare Improvement	✓		✓	✓	✓	
Agricultural Production & Marketing	✓	✓	✓	✓	✓	✓
Health						
Employment	✓	✓	✓	✓	✓	✓
Finance for Investment	✓	✓	✓	✓	✓	✓
Improved National Economy	✓	✓	✓	✓	✓	✓
Participation in Policy Formulation	Limited	Limited	Increasing involvement	Not evident	Limited	Limited

Co-operatives in all the six countries have been involved in economic and social services. The degree of involvement at country level is however difficult to determine without adequate information and data to support it.

### 7.3 Sourcing of Key Services by the Co-operative Movement

The sustainability of co-operatives as member owned organizations depends on a number of factors including member participation, legislation and policy environment, internal management capacity, and internal and external governance. The survival of co-operatives depends first, on the commitment and involvement of the members in terms of resources (financial and human), secondly on the extent to which the external environment is enabling, and thirdly the extent to which their operational infrastructure is sustainable.

If we look at services which are important inputs to sustain co-operative development in the six countries, two major aspects emerge: One is the predominance of governance as sources of inputs and secondly is the involvement of capital based institutions, and thirdly there is a degree of internal mobilization. From the table below, while there is an emerging shift in areas such as marketing infrastructure, finance and credit, supplies and inputs, hire of staff, and banking, the predominance of governments in key aspects that drive governance such as policy and legislation, and supervision and regulation, does not allow co-operatives to respond effectively to the call to the challenge of autonomy and the challenge of the market. Co-operatives still operate with the mind-frame of the government being in their minds as a last-resort, and this situation constraints organic development of co-operatives and does not open them up to be proactive and innovative.

The table below gives a tabulation of major services for co-operatives and where they are sourced at the moment.

**Table 6: Sourcing of Major Services by Cooperatives**

	Botswana	Ethiopia	Kenya	Malawi	Swaziland	Tanzania
Policy & legislation	govt	govt	govt	govt	govt	govt
Marketing Infrastructure	primaries	unions	primaries unions	NGO	parastatals	Unions primaries private
Finance/credit	Banks	Banks	Banks	Banks	Banks	Banks
Supplies & Inputs	private	private	private	private	private	private
Hire of staff	employ	employ	employ	employ	employ	employ
Audits	govt	govt	private	private	private	COASCO
Banking	Private	Private & Co-op.	Private & Co-op.	Private	Private	Private & Co-op.
Boards Election/Training & Orientation	govt	govt	govt & movement	govt	govt	govt & movement
Supervision/Registration/ De-Registration/ Regulation	govt	govt	govt	govt	govt	govt

From the table, it can be seen that the government is till a major provider of services to co-operatives in a number of countries. While this might reflect the state of development of co-operatives in those countries, it may not guarantee sustainability as priorities of governments change.

The mobilization and development of co-operatives is currently concentrated on SACCOs in most countries. This is done without viable connection between agricultural production, marketing and financial services. The table below shows the emerging imbalance in the promotion of co-operatives across all sectors in the study countries. This could be representative of what is happening in the rest of this part of the Region.

**Table 7: Types of Cooperative Outreach by Country**

	<b>Botswana</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Malawi</b>	<b>Swaziland</b>	<b>Tanzania</b>
<b>Savings &amp; Credit (SACCOs)</b>	Mostly employment based.	Both employment and community based.	Large numbers are occupation based with diversification to community and non-formal sector.	Mostly employment based. Limited community SACCOs.	Mainly employment and urban based except for Teachers SACCO.	Mostly employment based. Limited community SACCOs.
<b>Agriculture Marketing*</b>	Mainly food crops and livestock.	Mainly cash crops (coffee), food crops and livestock.	Cash crops, food crops, horticultural products and limited on livestock.	Mainly food crops.	Mainly food crops.	Mainly cash crops and food crops with limited horticultural products and livestock.
<b>Fisheries</b>	None	None	Limited	Limited	None	Limited
<b>Housing</b>	Limited	Developing	Very active	None	None	Limited
<b>Industrial</b>	Limited	Developing	Active	Developing	Limited	Active
<b>Transport</b>	None	Developing	Active**	None	None	Limited
<b>Irrigation</b>	None	Limited	Limited	None	Limited	Active
<b>Banking</b>	None	Developing (one regional bank operational)	Very active (4 <sup>th</sup> largest commercial bank).	None	In-formation.	Developing (two regional banks operational).
<b>Insurance</b>	None	None	Very Active (9 <sup>th</sup> largest insurance company).	None	None	Limited (has opened an Insurance agency).
<b>Others</b>	Limited	Limited	Limited	Limited	Limited	Limited
<b>Apex (NACOs)</b>	One national and one sectoral.	In the formal stage.	One national and six sectoral.	One sectoral.	Three sectoral	One national and four sectoral.

Agriculture marketing include Cash crops, Horticulture, Food crops, Livestock (Cattle, Camel, Sheep/Goats), Poultry, and Hides/skins. Most of the transport co-operatives in Kenya are initially as Saccos and then diversify into other activities that support their core business.

## **7.4 Income Poverty Alleviation**

Poverty has been defined from many perspectives including concepts like cultural poverty, endowment poverty and education poverty. Our perspective of poverty in this study is income poverty. There are two advantages of income poverty perspective; First income poverty is observable hence easily measurable. Secondly, the logic of existence of co-operatives has historically been the fight against poverty by raising income against distorted market forces driven by large capital based corporations. Co-operatives have played the role of protecting small producers against possible marginalisation by global corporate business. This study has attested to the fact that co-operatives provide a viable institution for reducing income poverty.

Income poverty is measurable and the history of co-operative is about the alleviation of income poverty as the bottom line. The co-operative concept and organization has been accommodated in the African economies. It has the ability to mobilize all the poor people against income poverty in many forms of intervention be it in agriculture, financial services, such as road construction and electricity generation.

The major areas of intervention where co-operatives are aggressively located in the six countries are in agricultural marketing and financial services. The two sub-sectors though co-incidentally affected by liberalization and market competition are also the major activities where the greatest proportion of the poor people both in rural and urban areas can be engaged in.

### **7.4.1 Agricultural Marketing Cooperatives**

All the surveyed countries have agricultural marketing cooperatives though at different levels of development and structure. Ethiopia has the highest number of agricultural cooperatives followed by Tanzania, Kenya, Malawi, Botswana, and Swaziland. The importance of agricultural cooperatives in African countries cannot be overemphasized because above 80% of the population derive their livelihood direct from agriculture. It is a major concern of all governments in the region; if agriculture is developed, income poverty will be reduced as a direct consequence.

But to make agriculture reduce income poverty, one needs the organization of human capacity, market channels management, price negotiation, collective action, value addition and domestic and international marketing networks. Agricultural marketing organizations aim at organizing the human capacity into a viable productive force. Left alone, small farmers are left to the vagaries of competitive markets. They need cooperatives to protect them against market distortions caused by capital based corporations operating in same markets. But small farmers also need cooperatives to negotiate for the best price, through collective action. Small farmers in all the surveyed countries, use cooperatives to negotiate better farm input and output prices.

In Ethiopia for example, co-operative unions announce higher prices not to buy all the crops but to make farmers get the best price offers from normal private buyers. They do not want to be monopolistic but set the market to behave positively in reducing income



poverty. Agricultural marketing cooperatives are becoming innovative in product handling. The Kilimanjaro native cooperative union in Tanzania has embarked on backward and forward linkages. They are introducing organic coffee with the knowledge that it is going to fetch 3.4 USD per kilogram than the ordinary coffee which fetches 1.50 USD per kg. In the forward links both the Oromia Cooperative Union in Ethiopia and KNCU in Tanzania, are negotiating their way through specialty and fair trade certified markets. Mere private buyers of coffee on their own cannot do such development driven interventions.

Agricultural marketing co-operative are important for small farmers because they create economies of scale where they are not possible under normal circumstances through bulking. Small farmers in Malawi, Botswana and Swaziland have the advantage of negotiation with larger supplies of food crops.

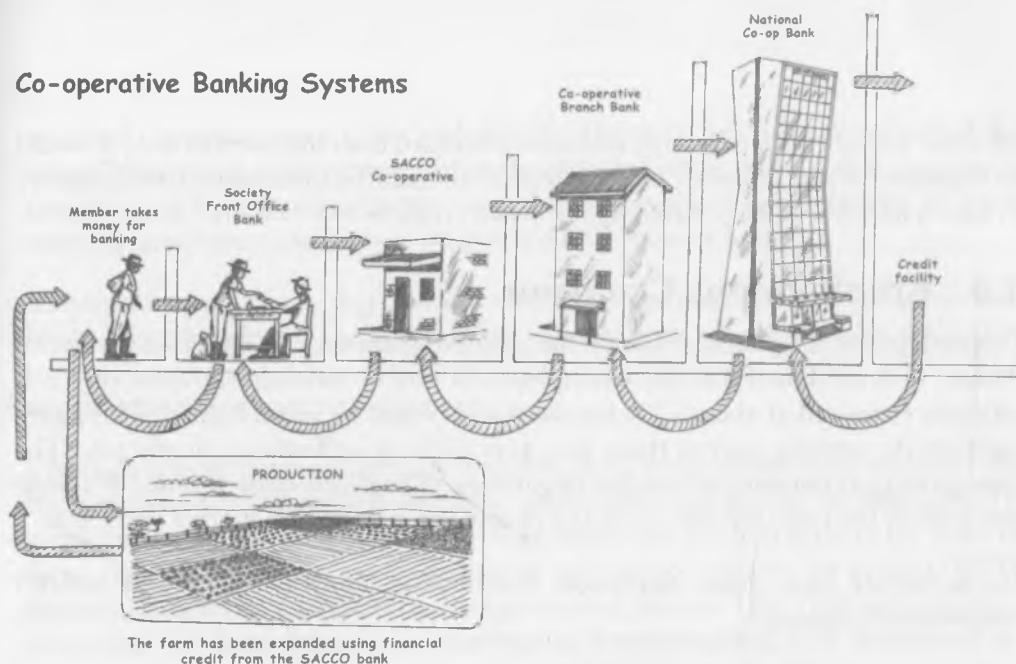
Small farmers in Tanzania, Kenya and Ethiopia have the advantages of avoiding marketing cartels at the coffee auction because their cooperative unions have international connections with international coffee buyers. Small farmers in Swaziland have sustained food security because of timely credit arrangements between the then Central Cooperative Union and the primary societies. There are programs for value addition with coffee cooperatives in Tanzania, Kenya and Ethiopia. This is happening because there is realization by cooperatives leaders that small farmers members have to feel the income poverty reduction effect by the cooperative organization.

In primary societies visited in Tanzania, Malawi, Kenya, Ethiopia and Botswana, there are smaller scale poverty reduction programs organized around primary societies where smaller farmers can access farm input credit development-driven crop development and diversification programs sometimes in association with local crop research stations. They survive as individual organization not as a network. Small farmers know that with agricultural marketing available there is a market for their crops. In Swaziland, the structure of consumer stores within the primary societies offers market outlets for some unscheduled consumer goods such as beans, peas and vegetables.

#### **7.4.2 Financial Cooperatives**

The other sector that is growing faster than the agricultural marketing cooperatives is the financial service savings and credit cooperatives. Although they have an urban history (employee-based), they are now finding their way into the rural areas. In Malawi, Swaziland, Tanzania and Kenya, professionals like teachers have organized national wide primary SACCOs. Kenya's Mwalimu SACCO, the Malawi Teachers Savings and Credit and the Swaziland National Teachers Savings such structures have national connections and can connect other professions in the rural areas if they open up their common bond. But the question here is do we have the ability to mobilize the financial co-operative sector of a country under one cooperative house. Those who dispute this argument advance the reasoning that a single financial house would have negative welfare impact because of inefficiency associated with monopoly and oligopoly.

## Co-operative Banking Systems



The farm has been expanded using financial credit from the SACCO bank

Supporters of the same argument would argue to the contrary. They are organized monopoly as part of ring fencing and capacity development against externally mediated enquiry. There are many advantages associated with co-operative integration than otherwise. One is information and Communication connectivity which becomes an invaluable asset of the totality of the financial co-operative system others include the advantage of shared services, low unit cost, research and development and new product development. All these are possible and the financial co-operative movement in African countries needs it.

### 7.4.3 Co-operative Investments

Historically co-operatives have been investment organizations. They are involved in the mobilization of financial resources and invest them to create wealth and thereby participating in national economic development. Because of this co-operatives must be recognized as important organizations in contributing to indigenous development and an important part of national economic systems.

In Tanzania co-operatives have historically had investments in real estate spread throughout the country. The marketing co-operative unions and the national federation have had buildings throughout the regional centres of the country. In Kenya a number of co-operatives have invested in office buildings in major urban areas. In a number of district headquarters, the most magnificent office building belongs to the Teachers SACCO. The Co-operative Bank has been another major investment opportunity for both co-operative organizations and individual members who are shareholders. Co-operatives have also encouraged the participation of members in the Nairobi Stock Exchange by providing access to credit for share purchase during Initial Public Offers (IPO) when companies are floating shares. In Malawi MUSCCO owns a building in Lilongwe and in Swaziland a number of SACCOs such as the Teachers SACCO have invested in buildings.



All these investments are through resources mobilized from the membership. It would be important to take inventory of the extent of co-operative investment in each country to have a fair view of its contribution to wealth creation and economic development.

## **7.5 Employment Creation**

Unemployment has become one of the greatest challenges to the development of Africa. It is estimated that the unemployment rate in sub-Saharan Africa region is officially estimated at about 11% but the figures could be much higher. This figure excludes the working poor or those who have given up on finding a decent job. The slow growing economies are unable to generate enough job opportunities to absorb particularly the large number of young people entering the job market every year.

Co-operatives have made significant contribution towards direct and indirect employment creation.

In most of the countries, the registered co-operative societies have on average five employees. There are however the bigger societies that have much larger number of employees. Some of the bigger co-operative institutions like the Co-operative Bank of Kenya, KPCU and KCC employ over 1,000 people each. In addition cooperatives have contributed significantly towards employment creation through member enterprises. On individual enterprise basis these may not seem significant, but the aggregate contribution is very significant particularly within the informal sector.

The indirect employment creation results from the multiplicative activities of co-operatives, such as members who borrow from SACCOs become investors in transport, grocery, poultry, farm machinery, small business, purchase of commercial buildings, and running of housing schemes. All these ventures create employment either at the household level or by direct employment of various skilled, semi-skilled and unskilled staff.

## **7.6 Institutional Framework**

Historically co-operatives in Africa operated on a four-tier structure that was made up of primary, secondary, national sectoral organization, and national apex bodies (federations). This structure has been challenged by changes brought about by liberalization and in most countries the structures do not exist in this form. The cost of maintaining such structures do not go by the current demands of the market which is value driven. The study has found that the primary societies do not attest to the material value of a distant national umbrella body because the primary need fast business results not the long tier system. The dilemma however is that the national level structures which in most cases is supported by legislation (Co-operative Act) need the primaries for their survival. In most cases the apex bodies still operate within an old mind-frame and find themselves in competitive situations with the bodies they should be supporting, or in some cases they provide services that can be

obtained elsewhere more easily and cheaply. However it is still acknowledged that co-operatives as a major sector within the national set-up still needs a structure to provide support in those areas that need either collective voice or action, or are of national importance and cannot be handled on a sectoral basis.

The need for such a body that provides a national voice must come and be appreciated by the primary societies. The design of the national body will ultimately be determined by what the primary societies expect of it, and it should not just be there to perpetuate its institutional and historical existence.

The study reveals that in all the study countries, there are no viable national apex bodies. Some of them have not moved with time, while others exist because of legislation. The sentimental attachment to history is another factor that has kept them in the same old form. BOCA (Botswana) is non-functional with no activities on the ground, KNFC (Kenya) has been on a long drawn re-organization process, TFC (Tanzania) functions on a weak and limited basis but is undergoing transformation, SNF (Swaziland) is a creation of the law but has never been formed. Ethiopia has an elaborate structure on the drawing board but yet to be implemented. The law in Malawi provides for an apex body, but again it has not been actualised. There are countries with strong sectoral national bodies or crop based apex bodies. Kenya has very strong sectoral national organizations, Malawi and Swaziland have national organization for the savings and credit associations, Ethiopia and Tanzania have some strong crop based national organizations.

Given that cooperatives are key institutions in socio-economic development in all countries, there is need to re-look at the national apex bodies and work towards structures that will focus on fundamental issues and embrace the interests of the movement on a multi-sectoral basis. The primary focus of the body should be macro policy and issues of national importance. It should have the ability to promote and protect the co-operative agenda on wholesome basis. This kind of apex bodies should aim at supporting economically viable primary societies who are carrying out business on behalf of their members.

There is need for rethinking the structure of apex bodies and move away from top-heavy institutions to lean and focuses structures. There are situations where such might work best as strong networks with a coordinating point as opposed to full fledged organizations. It is however evident that almost all countries will need some sort of facilitation to think through and put appropriate structures in place. If the co-operative movement does not strengthen its voice at the top, it will find itself left out on major national issues, and yet it is a major stakeholder in the social and economic spheres. All apex bodies need to be re-looked within the circumstances of each country. It is however important that each apex body minimizes on the burden that they place on the primary societies to sustain their existence.

The table below gives the current situation with apex bodies in the study countries even though it is more reflective of the past.



**Table 8: Current Situation with Apex Bodies**

	Statement on National Co-operative Bodies	No. of Tiers in Co-op structure	Government Document (Source)	Name(s) of National/apex body
<b>Botswana</b>	✓	3	Co-operative Act	BOCA BOSCA
<b>Ethiopia</b>	✓	3	Co-operative Proclamation.	To be formed.
<b>Kenya</b>	✓	4	Co-operative Act	KNFC, KUSCCO, KERUSSU, NACHU, KPCU, Co-op Bank and CIC
<b>Malawi</b>	✓	3	Co-operative Act	MUSCCO
<b>Swaziland</b>	✓	3	Co-operative Act	SWAFUCU, SASCCO, Asifuyisane
<b>Tanzania</b>	✓	2	Co-operative Act	TFC, SCCULT, TTA, TICU, TCoA

## 7.7 Policy and Legislation

Co-operative policy and legislation exist in all the six countries and in most cases they have gone through second or third generation changes and revisions in response to developments that have taken place in the political and socio-economic environments.

There are a number of significant observations that have been made on policy and legislation:

- All cooperative policies recognize the critical importance of the grassroots primary societies, and their critical role for member mobilization and hence the growth of the cooperative movement.
- In some countries, the policy promotes member participation, but legislation is a mixture of the ideals of member participation and state control. This still reflects elements of past laws.
- The multi-purpose concept, is still practiced in Malawi, Swaziland and Botswana, its demand however on professionally trained managers is not yet attained in the countries. Some of the cooperative activities become marginalized in the name of multi-purpose cooperative organization. For example the study noted that input credit supported subsistence farming than production for market.
- Cooperative policy and legislation still created the conditions for cooperatives to be confined to specific sectors and because of such confinement; the cooperatives are unable to contribute effectively to broad national policy and legislation debate. This creates space for other players to advance their agenda at times to the detriment of the cooperative movement.

- The sectoral approach and inward looking cooperative development has resulted into unnecessary competition than cooperation among cooperatives. Some examples of this are: The formation of a co-operative bank for SACCOs in Addis Ababa area while the Oromia Co-operative bank is already in operation (Ethiopia); the establishment of an insurance scheme within KUSCCO while there is a Co-operative Insurance Company in Kenya; and establishment of a housing co-operative scheme in KUSCCO, while there is NACHU dealing with housing co-operatives in Kenya. In Tanzania the Savings and Credit Co-operative Union League is running a Central Revolving Fund and by doing so it is inhibiting the opportunities for development of a national co-operative bank.
- The traditional four-tier structure of affiliation is theoretically and practically costly on the membership. The study has found that the primary societies do not attest to the material value of a distant national umbrella because the primary societies need fast business results not the long-tier system. Invariably, the national level structures supported by legislation need the primary societies for their survival.
- There is absence of efficient regulatory framework with effective delivery mechanisms in almost all countries. The cooperative movement in all the study countries expects the government to put in place and manage systems for regulation while the rest of the world is moving towards self-regulation.
- There is marginal member participation in formulation of cooperative policy and legislation.

**Table 9: Status of Co-operative Policy**

Country	Current Policy	Remarks
<b>Botswana</b>	The current policy is in draft form and yet to be finalized	
<b>Ethiopia</b>	Policy is in progress of being formulated	There is general appreciation of the effort to make policy albeit with a few changes to make it relevant to most societies. There is also need to create more awareness with the Societies on policy.
<b>Kenya</b>	Sessional Paper No. 6 of 1997 on Co-operatives in a Liberalized Economic Environment.	
<b>Malawi</b>	Co-operative Development Policy (June 1997).	
<b>Swaziland</b>	National Co-operative Development Development Policy,2000	Members not aware of the policy irrespective of the fact that it has been translated into Siswati
<b>Tanzania</b>	Co-operative Development Policy, 2002. The Cooperative Reform and Modernization Program (CRMP) 2005-2015.	Policy implementation largely driven by government and role of actors within the movement not clearly spelt out in the policy.

**Table 10: Status of Legislation**

<b>Country</b>	<b>Current Legislation</b>	<b>Remarks</b>
<b>Botswana</b>	Co-operative Societies Act, 1989	The Act does not give complete autonomy to the co-operative movement leaving a lot of decisions with the Commissioner and the Minister.
<b>Ethiopia</b>	Proclamation No. 148/1998 – Co-operative Societies Proclamation.	
<b>Kenya</b>	The Co-operative Societies Act, 2004	
<b>Malawi</b>	Cooperative Societies Act No. 36 of 1998 and Co-operative Societies Regulations, 2002.	
<b>Swaziland</b>	The Co-operative Societies Act No 5 of 2003	The Act sets the agenda for co-operative development and control
<b>Tanzania</b>	The Cooperative Societies Act, 2003 and The Cooperative Societies Rules, 2004.	The co-operative business part of the Act still under control of the government. 1991 Co-operative structures still existing.

In almost all countries, the policy formulation and legislation development process is government driven with minimal participation of the movement. In some of the countries, the governments have still taken the paternalistic approach to policy development and the formulation of legislation. The governments tightly manage the process of implementation of both policy and legislation.

According to the draft policy on cooperatives in Ethiopia, the Rural Development strategy of the country indicates that cooperatives are taken as the most important institution to improve the living conditions of both the rural and urban poor population.

The study has also noted that there are efforts to formulate broad and enabling macro-economic policies by all governments in the surveyed countries. There are national development strategies for the reduction of poverty in all countries and a number of them recognize the role of co-operatives in the reduction of poverty. There is also a new focus of development action targeting the development of agriculture and a shift of development activities towards the district and village levels. This is providing important opportunities for cooperative-government partnerships at the local level. However lacking in most of the cooperative policies is the linkage between the Cooperative Policy and the National Development Policies, and how cooperatives would integrate into the shift on decision-making processes to the local levels. They also do not indicate how cooperatives would create linkages with other initiatives such as the Public-Private Sector Partnerships (PPP). Since cooperatives are considered a special private sector that can mobilize both the rural and urban poor, the recognition of such in the policy is very important.

An analysis of the current policies and legislation against the co-operative principles is presented in the table below. The analysis reveals that policy and legislation in all

the study countries has acceptance of the co-operative principles for the development of a viable co-operative movement. Using a scale of 1 to 5 to rate the policies and legislation for all the countries reveals major weaknesses in almost all the seven co-operative principles. This shows that co-operatives have not come to a stage where they are operating as private enterprises that are member owned and controlled and have ownership of the co-operative principles.

**Table 11: Assessment Against Co-operative Principles**

	Botswana	Ethiopia	Kenya	Malawi	Swaziland	Tanzania
Voluntary/Open Membership	4	4	5	3	2	4
Democratic Member Control	1	2	4	2	2	3
Member Economic Participation	2	2	3	2	2	2
Autonomy & Independence	1	2	4	2	2	3
Education, Training & Information	2	2	3	1	3	3
Co-operation among Co-operatives	2	1	3	1	1	2
Concern for Community	1	2	2	2	1	2
<b>Total</b>	<b>13</b>	<b>15</b>	<b>26</b>	<b>13</b>	<b>13</b>	<b>19</b>

The rating is based on a scale of 1 to 5 where 5 is Very High, 4 is High, 3 is Average, 2 is Low and 1 is Very Low.

## 7.8 Cross Cutting Issues

### 7.8.1 HIV and AIDS

It is reported that Sub-Sahara Africa is more heavily affected by HIV and AIDS than any other region in the world. An estimated 24.5 million people were living with HIV at the end of 2005 and approximately 2.7 million new infections occurred during that year. The social and economic consequences of the pandemic is already being widely felt not only in the health sector, but also in education, industry, agriculture, transport, human resources and the economy in general.

The estimated number of people living with HIV/AIDS, adult prevalence rates, the number of deaths from AIDS, and the number of orphans due to AIDS at the end of 2005 is given in the table below.

**Table 12: Basic Data on HIV/AIDS**

Country	PLWHA	Adult Prevalence Rate (%)	Aids Deaths	Orphans due to AIDS
Botswana	270,000	24.2	18,000	120,000
Ethiopia	420,000– 1,300,00	3.5	130,000	870,000
Kenya	1,300,000	6.1	140,000	1,100,000
Malawi	940,000	14.1	78,000	550,000
Swaziland	220,000	33.4	16,000	63,000
Tanzania	1,400,000	6.5	140,000	1,100,000

Even though the cooperatives in most countries provide one of the most elaborate structures that can be used in the fight against HIV and AIDS, the involvement of the movement in most countries is very minimal. There are no countries where for example the movement is actively engaged with the national agency coordinating the fight against HIV and AIDS. Local initiatives among cooperatives are also lacking since the fight against HIV and AIDS is largely seen as the work of NGOs and donor agencies. In most cases it is seen to be driven by external funding.

Each of the countries has a national agency coordinating the fight against HIV and AIDS but in almost all countries the co-operatives unlike other stakeholder groups are not involved within the national framework. There is almost no engagement between the national agencies and the co-operative movements in the respective countries. There are however a number of interventions at the movement level. In Malawi, MUSCCO is addressing HIV and AIDS through co-operative societies that have adopted the study circle concept. In Kenya, Mwalimu SACCO is working in collaboration with WOCCU on an HIV and AIDS programme that is targeting its members throughout the country. The apex body for SACCOs, KUSCCO in Kenya has also developed an HIV/AIDS mitigation programme that it is in the process of rolling out to the members. In Botswana, there are limited interventions by co-operative societies. One SACCO, Motswedi SACCO, is offering some support for home-based care.

### **7.8.2 Youth**

It is evident from most demographic statistics that the population of Africa is very youthful. Even though there is no common definition of youth, almost 50% of the populations of most African countries are below the age of 35. Surprisingly, detailed information on the situation of the youth is not easily available, and the youth are generally left at the margins of the public sphere and political, socio-economic and cultural processes. Many of the youth in most countries in Africa have little access to education, employment and livelihoods, healthcare and basic nutrition. As a result of the adverse impacts of economic restructuring, a large

number of youth, even those who have gone through formal education processes are not easily absorbed in the labour market. The problem of what is generally referred to as youth unemployment has increasingly been recognized as a growing socio-economic phenomenon in many countries in Africa. The situation is made worse by lack of national youth policies that address the situation of the youth in a strategic and pragmatic manner. Where youth policies exist, they lack a firm strategic role in developing the youth as a valuable resource and they do not provide linkages with other national policies. The challenge for the youth is how to organize themselves and make sense of their daily lives, negotiate their private and public roles and envision their futures within an environment and structures that provide minimal support to them.

The need to promote youth empowerment for greater engagement in socio-economic activities has been recognized in many countries, and this is where co-operatives have opportunity in promoting youth enterprises and self-employment. The co-operatives can also work as agents for promotion of greater integration and effective implementation of youth policies.

The co-operative policies have not addressed the integration of the youth into the movement neither are there any programmes at the country level that address the youth from a co-operatives perspective. Since in all the countries there are no strong apex bodies, concerted efforts to bring up the youth in the cooperative way are lacking. However there are individual societies and unions that have programmes and activities aimed at addressing the youth. In Tanzania, the KNCU runs the Battalion Programme through which it provides support to 200 orphan children every year.

The youth are an important group in cooperative development. However, during the study, it was found out that the cooperatives did not have any programs for the youth. Where they existed, there was little or no impact. The cooperatives do not seem to have taken it up as an important agenda in cooperative development. The sustainable development and poverty reduction program strategy paper of Ethiopia has not addressed the issues of youth.

### **7.8.3 Gender**

Gender issues have for a long time not been mainstreamed in broader development agenda for most countries in Africa. Women still form a large segment of the less endowed in both urban and rural areas. Societal norms and practices greatly hinder women participation in important issues either at the local or national levels. Cultural factors that exclude women from ownership of property and general access to resources are still predominant in many countries. In most of the countries, access to resources and inheritance of property is pegged to marriage and this continues to perpetuate gender inequalities. It is estimated for example that only 5 percent and 30 percent of women own land in Kenya and Tanzania



respectively. Men still tend to control the decision-making process particularly in the agricultural process including what to grow, how and where to grow particular crops in a particular year. Men also tend to control cash incomes from sales of major crops such as coffee. An observation is that in commerce, women's engagement in the informal sector tends to be on the tail end such as small-scale trade and local food processing.

One important aspect the team observed was that Botswana has a very high number of female cooperative officers. This is further reinforced in that the Commissioner for Cooperatives is a woman as is the Permanent Secretary in the Ministry of Trade and Industry under which the Cooperative department falls. The SACCOs visited also had a good representation of women in key positions. However, when it came to the unions, it looked like a male dominated area. One argument put forward was that some trades and activities are only suited for men like the livestock marketing and trading activities.

It was noted during the study that although membership in co-operatives is voluntary and open without discrimination by gender, women participation in co-operatives is still very low, particularly for marketing co-operative societies. This is despite literature findings, which indicate that cooperatives have been widely advocated as a preferred means of development for the women by national governments,



international agencies, NGOs and feminists. They are seen as important for the wider mobilization conscientisation of women and increasing women's income through the elimination of intermediaries. The numbers are not representative of the trends taking place where more and more women are *de facto* becoming the heads of households. Involvement of women is still seen in terms of the number of women who are members or the number of women who are in leadership. There is no evidence in any of the countries of how co-operatives are engaging with issues that affect women in order to address gender disparity especially when it comes to access to resources and to encourage effective involvement of women in decision and policy making processes. This confirms the findings in many studies done which demonstrate that the movement in many countries has not included women on equal terms with men, despite the stated aims of equality and democracy of the cooperative movement. Much cooperative development aimed specifically at women has been in the form of isolated projects that have not been integrated into the mainstream economy.<sup>44</sup>

The findings concur with this statement that, ...over time it has been observed that progress in women's lives is not proportionate to the progress made in the policy and legal environment. This calls for expediting the socio-economic development process with the required gender sensitivity.<sup>45</sup> Furthermore, the lack of gender disaggregated data makes it difficult to assess the extent of gender disparities within the co-operative movement.

#### **7.8.4 Environment**

About two-thirds of the population in the countries included in the study live in the rural areas and rely on agriculture and other natural resources for income. However, their environmental resource base is shrinking rapidly. The environmental problems in these study countries include air and water pollution, deforestation, loss of soil and soil fertility, and a decline on biodiversity. Most of these countries are however hampered by poverty to the extent that only minimal resources are made available for managing the environment. The attention that is given to environmental conservation is therefore very minimal.

In most countries apart from Malawi, co-operatives have not developed programmes and activities that address environmental issues. In Malawi, mainly because of tobacco farming, there are intensive tree planting activities, and a number of co-operative societies particularly in the tobacco growing zones are engaged in tree planting activities. Most of them have a tree-planting week with set targets of the number of trees to be planted.

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<sup>44</sup> African Women in Cooperatives: Towards a Realistic Agenda. Addis Ababa, IFAA (Mayoux.L(1989)

<sup>45</sup> *ibid*

# 8.0

## Instruments for Cooperative Development Assessment

### 8.1 Assessing Cooperative Development

Whereas the contribution of co-operatives to socio-economic development in most African countries is widely recognized and there is often mention of it in official documents and statistics, formal systems for information gathering and data collection to authenticate this contribution has not been developed. Neither are there systems that allow systematic assessment and tracking of the growth of the movement. Many figures are included in the government statistics without backup information or current statistics. Therefore, although it is acknowledged that cooperatives have grown and have developed over time, it is not possible to clearly articulate this growth. The instruments for assessment of this growth have not been developed and neither are they in use. Sectoralism and lack of cooperation has seen each cooperative keeping closely to itself without focusing on the contribution to the broader movement.

The other challenge within the cooperative movement is the lack of benchmarks and standards that enable the cooperatives work towards set goals and a vision that would lead to the development of the movement to world standards and ensure that they are not left behind or over time become moribund. As it stands right, in the absence of such benchmarks and standards it is very difficult to assess the growth and development of the movement. The ideal situation can only be validated if there are benchmarks that represent this ideal situation.

This chapter explores what should be considered in developing benchmarks and standards as it seeks to answer the question as to what should be instruments for cooperative development assessment. It looks at issues of how to assess the cooperative development. One of the issues that came out strongly during the study from the movement is the need for policy and legislation that creates an enabling and favourable environment for the cooperatives and that promotes more autonomy and development within the cooperatives as member owned, member controlled and democratic institutions. Otherwise if this is not achieved the perception of cooperatives, both by the members and other stakeholders will be that of instruments of government, strictly controlled by government and at the end of it responding mainly to government agenda. This perception in a liberalized and fast changing environment will make co-operatives institutions that are always lagging behind change and are often found in a catch-up mode. However, the question arises as to what is an ideal policy or legislation?

What is an ideal situation so that we can say that cooperative development is taking place? What issues need to be considered in lobbying for change in policy?

In assessing cooperative development, the tracking mechanisms for this development would have to be adopted and used by the cooperatives. One of the biggest challenges is that apex bodies that would have taken the challenge to champion a process like this on a multi-sectoral basis are in almost all countries not functional. This is an issue that needs to be taken up by co-operatives first for their own internal good (benchmarks and standards against which they can do self-assessment of their development and growth), but also to provide them with authenticated data that they can use to position themselves in the greater socio-economic arena. Otherwise they will always remain vehicles that are conveniently used for other peoples agenda.

## **8.2 Characteristics of Cooperative Assessment Instruments**

Four instruments have been identified are being proposed in this report. These would form a favorable ground for cooperative development in the areas of policy, legislation, good practice, and tracking and impact assessment. If these ideal characteristics were achieved, it would provide indicators for cooperative development.

### **8.2.1 Policy**

“What is a good policy?”

In answering this question, the following characteristics are considered as what would ideally be a good cooperative development policy.

1. A policy that promotes a collective vision of the movement, developed with an elaborate participation of the movement, so that cooperatives are in charge of their own development and their autonomy is promoted. The policy should define how this would be done from the perspective of the movement, cooperatives and government and how the vision would be implemented with cooperative movement taking control. Most of the policies currently in place give the vision of the movement more from the perspective of the government. In most cases the movement is not even remotely aware of the existence of such a vision.
2. A policy that defines how the capacity of the movement will be built in continuous response to the changes and developments taking place in the environments in which they operate, and in response to global trends and development. At the moment capacity building of co-operatives is seen to be the responsibility of the government, and where co-operative development institutions exist, they are government-controlled institutions. Where there are initiatives on capacity building, it is mostly on sectoral basis and does not take into account where the movement would like to see itself. The policy should ensure that the cooperatives take charge of the development of the cooperative movement. The policy should

define this strategy for capacity will be enhanced without giving the control back to government. This would also be one of the ways of enhancing the autonomy of the cooperatives.

3. The policy should indicate how cooperatives will respond to macro economic and social issues. It should clearly spell out how the cooperative movement has been involved in the formulation and development of the policy. The policy should encourage proactiveness of the cooperative movement.
4. The cooperative policy should give recognition to Cooperatives as important stakeholders in national development issues and indicate their involvement in the same at the local, regional and national levels. This is particularly important with the decentralization of decision-making processes. If the cooperatives are not enabled to position themselves they will find that other stakeholders with much less contributions are much more effective in influencing government policy and allocation of government resources.
5. A policy that encourages the creation of vertical and horizontal linkages within the movement and that recognizes the place of networking and collaboration in business.

### **8.2.2 Legislation**

An ideal cooperative legislation should have the following characteristics.

- (a) A legislation that has been developed procedurally using the right channels and involving the stakeholders.
- (b) A legislation that has been developed through an interactive process to ensure participation by and representation of all the stakeholders.
- (c) A legislation that explicitly outlines details on how the business and management of the cooperative will be carried out.
- (d) A legislation with provision for decentralized registration.
- (e) A legislation that acts as an instrument for self-regulation within the cooperative movement. It should give a strategy on how to develop the capacity of the cooperative movement to facilitate this self-regulation and handing over of power. An example is where Botswana offered opportunities to co-operative managers to get trained.

### **8.2.3 Good Practices as an instrument of assessing cooperative development**

For cooperative development to take place there is need to have good practices within the cooperatives and the movement in general. The cooperatives should have and adhere to a code of good practice that spells out the following:

- (a) Governance within the cooperatives – who should govern, how governance should be done.
- (b) How the management aspects of the cooperative will be carried out.
- (c) Operational procedures, systems, technologies within the cooperatives and inter linkages with others.
- (d) Good business practices and capacity building for growth of cooperatives and members should be outlined including the implementation procedures. There should be checks and balances put in place to ensure these ethics are adhered to.
- (e) Strategic plans/systems of planning, operations and monitoring of activities, procedures and progress.
- (f) A mechanism put in place for exchange of information and ideas.
- (g) A code of conduct that promotes proactiveness of the cooperative movement.

#### **8.2.4 Tracking and Impact Assessment as a Component of Co-operative Development**

One of the biggest shortcomings in the cooperative movement is the lack of tracking mechanisms and impact assessment systems. Due to this, it is hard to justify the impact that cooperatives are making or develop interventions that would promote development of the cooperative sector. Therefore, an ideal cooperative situation should have a tracking and impact assessment system that outlines:

- (a) The instruments or mechanism which will be used for tracking impact of cooperative impact.
- (b) A system that can capture information and data to be disseminated and communicated with:
  - i. Members,
  - ii. Other actors within the movement
  - iii. Policy makers at local and international levels
  - iv. Collaborative partners and other partners outside the movement.
- (c) A system that is able to generate feedback for improvement.

### **8.3 External Benchmarks**

To promote these characteristics and ensure they are implemented and developed, the following benchmarks would give an ideal environment for overall cooperative development. This would also be the measurement against which the cooperative development is assessed. If the policy and regulatory framework is not right, then the strategies which would fall under that framework may not have the enabling environment

for them to work regardless of how good they are. In light of this, the broad policy and regulatory framework has to be conducive for the movement to develop and grow. The following are some of the benchmarks that are identified.

### **8.3.1 Cooperative Development Policy Benchmarks**

- 1.1 Responsiveness of cooperatives to issues of national concern, including their own impact in relation to national development.
- 1.2 How cooperatives address issues of cooperative development.
- 1.3 Arrangements and processes where cooperatives were going to collaborate with key stakeholders in the promotion of cooperatives and cooperative activities.
- 1.4 An established mechanism for cooperatives to carry out self assessment and take necessary action.
- 1.5 The role of government in promoting development of strong sustainable cooperatives while observing the basic cooperative principles of autonomy, self reliance and equity.
- 1.6 Role of members in ensuring the implementation of good governance principles within cooperatives.
- 1.7 How the cooperatives will work with the government in setting up systems to ensure good governance.
- 1.8 A framework that would help cooperatives to develop their own system of regulation.
- 1.9 A framework that would assist cooperatives to develop systems of democratic member participation and control.
- 1.10 A framework on how cooperatives were going to assist members to run profitable cooperative business.

### **8.3.2 Benchmarks for Legislation**

There are different benchmarks from the different perspectives of the legislation.

#### **8.3.2.1 Roles of government and the movement**

- 2.1 A Cooperative Act that demonstrates a spirit of partnership between the government and the cooperative movement.
- 2.2 A cooperative Act developed from a charter between the key players in the movement (government and cooperative institutions) that spell out the roles and responsibilities, and the obligations of each party. The movement can learn from similar charters that have been developed in the labour movement.

- 2.3 An Act showing clear roles of government and the cooperative movement in cooperative development, safeguarding the independence, autonomy and democracy in the cooperative movement
- 2.4 A cooperative Act that promotes good governance and management systems (accountability, transparency, prudence and member participation).
- 2.5 An Act that provides competence on the performance roles of government in registration, surveillance and liquidation without infringing on cooperative autonomy as member owned and member controlled democratic institutions.
- 2.6 An Act that provides clear conflict resolution mechanisms by the cooperatives themselves.

#### **8.3.2.2 Rights and obligations of Societies and Members**

- 2.1 An Act that clearly describes roles, rights and obligations of members and leaders in the conduct of cooperative business.
- 2.2 An Act that provides equal opportunities for member participation in governance and cooperative development.
- 2.3 An Act that provides opportunities and mechanisms for member empowerment and access to cooperative advantage and obligations (capacity building, training, general member education).
- 2.4 An Act that provides framework for ownership and responsibility of cooperative development to the members.
- 2.5 An Act that protects members property, investment and intellectual property rights in the context of the country laws and constitution.

#### **8.3.2.3 Guidelines for Formulation of By laws**

- 2.1 By-laws that clearly define the roles of members as leaders of cooperatives
- 2.2 By-laws that clearly define leadership mechanisms to oversee good governance, members development and productive cooperative business
- 2.3 By-laws facilitating the development of sound systems of management and operations.

### **8.4 Tracking and Impact Assessment**

Impact tracking and assessment tools are important for assessing whether the cooperatives interventions are benefiting the members and the community as a whole and whether they are having the intended impact. While it is beyond the scope of this study to develop the tools of assessment, it is imperative that the cooperatives develop tools that will enable them assess the impact of their interventions as well as allow for



inclusion in the national statistics. These would need to be tailored to the needs of specific country settings.

Examples of tracking cooperative development within cooperatives are outlined:

#### **8.4.1 Membership Base**

For any institution to experience growth it requires a committed membership that is growing with time and it is from this membership that they are able to get a voice. For cooperatives to influence policy, critical masses are necessary. Where critical masses are not there, then quality of the membership is required. Cooperatives should not be seen as an exclusive club for the aged. The membership mix that is recommended is one which has men, women, youth, children, educated, uneducated, multi sectoral disciplines and with a commitment to develop the cooperative. A cooperative that retains the membership it started with 5 years down the line does not indicate a growing cooperative but is dormant. Therefore, a growing, informed, intermixed and educated membership shows a growing cooperative movement. The representation would then have to be included in the policy planning as they would be a significant majority.

#### **8.4.2 Wealth Creation**

A wealthy country is able to develop faster. Wealthy cooperatives would mean wealthy members who would mean a wealthy nation. Cooperatives have been creating wealth and have made a difference towards improving the lives of the poor. Therefore, wealth creation is an instrument that can be used to assess cooperative development. This calls for assessment right from the primary cooperatives with the figures consolidated to give a national cooperative figure. The multiplier system in income generation will also need to be considered. This is a situation where the basic income for a co-operator is used to pay, say, a taxi who then uses the money to create more wealth through investment. The amount of wealth created by cooperatives will indicate the contribution of the cooperatives toward the national wealth creation. This will also show whether there is growth and in which sectors there is more growth. This gives a basis for planning and for inclusion in the government plans. The tracking of wealth creation statistics will answer the question, Who are cooperatives benefiting?

#### **8.4.3 Employment Creation**

Employment creation measures how the cooperatives are progressing and what impact they have on the national employment creation. This means the direct and the indirect employment. Direct employment might be very low. However, the multiplier effect of employment shows that without the direct employment, this secondary level of employment would not have happened. A simple example is where the Nakuru Teachers Sacco in Kenya has a teacher member of the cooperative. This teacher borrows a loan (possible from the deductions made on her paid salary over time). The loan is used to buy a public service vehicle (known as *Matatu* in Kenya). This vehicle employs a driver and a conductor who also have small family businesses where they employ somebody in the business. As a result of the *matatu*, the services of a garage

owner, insurance agent, government officer and fuel attendant are employed. Their businesses also employ the teacher since there are children to be taught, medical staff and house help etc. All this is made possible by the cooperative. While it might be difficult to get statistical information to assess income from indirect employment with correct information and statistics, it can be possible to give an estimated value of how much employment and income has been generated as a result of the cooperatives interventions. With the figures of the contribution of cooperatives to employment creation, it will be possible to find the percentage contribution in the national context. The measurement also indicates whether employment creation among cooperatives is increasing or not.

This would also give an indication of whether new cooperatives are being formed, whether some are becoming dormant and whether the cooperative business has increased or not.

#### **8.4.4 Formation of new cooperatives**

This is an instrument which indicates whether cooperatives are still relevant or not. If they are increasing, then it demonstrates that people still find them relevant. This would however need to be considered alongside the cooperatives decline to see the actual percentage increase of the cooperatives. This would measure the type of cooperative and the sector they are in. The statistics would give an indication of whether the cooperative movement is promoting growth of new cooperatives.

#### **8.4.5 Governance and Management**

The governance and management of the cooperatives is an instrument that gauges the direction in which cooperatives are moving. The calibre of the management is also taken into consideration. This should answer the question, how competent is the leadership and management of cooperatives to ensure growth and development in the individual cooperatives in particular and the cooperative movement in general? The governance and management of cooperatives can be used to assess how far cooperatives have grown. This will be in terms of quality of the committees, management and the board, member knowledge on the quality of people they elect and are needed by the cooperatives, regularity and quality of the meetings, decisions made, work plans, member empowerment and education, qualifications of the employees, level of education of management and board etc.

#### **8.4.6 Member Empowerment and Participation**

If there is minimal participation, then development takes a back seat. As democratically instituted bodies, cooperative development would require member participation to ensure that they are taking destiny into their hands. The dissolved cooperatives indicate a level of passivity and a reactive attitude. There is an attitude of waiting for others to develop the cooperatives in some instances. An indication of member participation indicates members are empowered and this ranks as cooperatives moving forward in development. This participation means ensuring

corrective measures are taken when required, lobbying and advocacy is undertaken when necessary and there is active participation in the national decision making thus creating an enabling environment for further cooperative development.

#### **8.4.7 Collaborative Practices**

A man who only stays at home thinks his mother is the best cook is an expression that indicates that cooperatives that have no cooperation with others are limited in learning. A measure of the forums that are in place for promoting collaboration measures whether there is cooperative development or not. A sectoral outlook as opposed to a wider perspective of the larger picture of the cooperative movement has been one of the limiting factors in cooperative growth and development. Good examples of collaboration can be cooperatives to cooperatives, cooperatives to other relevant organizations, cooperatives with government and cooperatives with the business community. When cooperation occurs, it ensures that there is sharing of experiences (as has been seen with the Motswedi Sacco in Botswana), there is development of cooperatives, lessons learnt are put to use for further development and replicated across the whole cooperative movement, resources are mobilized, there is optimal use of resources and lower costs experienced due to the economies of scale.

#### **8.4.8 Operational Procedures and Management Systems**

The world is currently on the information super highway. Cooperatives cannot be left behind if they hope to develop and keep pace with the global trends. A cooperative with no systems cannot gauge whether it is moving forward or not. The level and type of management systems and their utility is a clear indication of the pace of cooperative development. Centralized information systems indicate the connectivity of cooperatives and serves to ensure cooperatives are developing at a more or less similar rate. While the practice has been that SACCOs have been developing at a much faster rate than the agricultural marketing and producer cooperatives, it would be important to replicate some of the systems in all cooperatives to assist them develop at the same pace. Adea Dairy cooperative in Ethiopia has computerized systems that can give instant information on dairy milk outputs, sales, spillages, dairy cows and artificial insemination. Most Saccos are computerized but are not interlinked. Therefore, this instrument would also show which areas of intervention would be required.

### **8.5 Tools for Assessment of Impact**

In the just concluded study, it was found that all the cooperatives interviewed talked of having impact on the livelihoods of people, income poverty alleviation, employment and other issues which lead to economic development in a country. While there were a lot of verbatim reports of the impact, there was no accompanying data or tangible evidence on how much cooperatives had contributed to the economic development of the specific countries and the cooperative movement in general. The impact tracking has not been systematically done.

In the absence of apex bodies, consolidation of the data, even if it were available, would not have a centralized system where the data would be consolidated and incorporated into the government statistics which would influence the allocation of government resources to cooperatives during planning.

The need for and the importance of data collection for impact analysis however, need to be appreciated by the cooperatives themselves. They need to know how it is going to impact on them and the consequences of such information on the performance of the cooperatives.

The Ethiopia poverty reduction strategy paper puts it that, the need for adopting a holistic approach to developing monitoring and evaluation system that is built up on existing structure/systems is already underscored. This means mainstreaming monitoring systems which renders them efficient and transparent and thereby enable them serve the information requirement for monitoring and evaluation of all actors including the emerging private sector, donors, NGOs, and civil societies alike.<sup>46</sup>

There is a real need for documenting and standardizing methodologies employed and generating indicators based on administratively generated data with particular emphasis on harmonizing indicator systems at federal and sub-national levels.<sup>47</sup> This indicates the seriousness and the challenge that is being taken on measuring performance and contribution and the challenges of indicators. One of the proposed indicative targets in poverty reduction in Ethiopia under agriculture is new cooperatives established, eg. 1639 cooperatives established by 2004/05.

For cooperatives and any sector to be able to measure impact and also keep statistical data which will be useful for decision making, key issues need to be addressed viz;

1. Why is the information needed?
2. What information needs to be collected?
3. Who requires this information and for what purposes?
4. How regularly should the data and information be collected?
5. Who will collect this information?
6. How will it be collected?
7. How will it be used?
8. In what form will it be stored?

Once this framework has been developed, the system of collecting, collating and storing this information will have to be agreed upon. The information collection system will have to be simple and understood and one which does not require a lot

<sup>46</sup> Ethiopia: Sustainable Development and Poverty Reduction Strategy Program

<sup>47</sup> Ethiopia: Sustainable Development and Poverty Reduction Strategy Program

of time. Due to lack of prior statistical data, it would be prudent and critical to have a baseline survey as the base position from which progress will be based.

The Kenya National Federation of Cooperatives (KNFC) had designed a format for collecting information but which was still to be disseminated. This was the Community Finance and Empowerment project (COFEP)–SACCOS/Groups monthly returns which generated data on the financial status and performance of SACCOS. Inclusivity as opposed to exclusivity would have to be used to ensure that assessment is carried out in all the cooperatives for there to be objective and representative data, especially if it is to be used for economic planning on a national level. The assessment findings also validate any information and statistics. It will also make it easier for planning for the cooperative movement.

The performance of cooperatives can be established through empirical findings and evidence. Looking at the example below, a tool can be adapted to fit in with the context of each country. However, key aspects need to be captured to ensure that they shed light and facilitate important information for inclusion in the national statistics.

### 8.5.1 Example

The tool below is adapted from the book, *Participatory Monitoring and Evaluation, A Strategy for Organisational Strengthening*, Second Revised Edition by Francis W. Mulwa and Simon N. Nguluu (Zapf Chancery Research Consultants and Publishers). It gives a sample which could be adapted by cooperatives.

#### 8.5.1.1 Example of Participatory Monitoring and Evaluation

*Table 13: Nine Types of Examples of Indicators*

Indicator Types	What They Show	Examples
1. Indicators of availability	These show whether something exists and if it is available.	Whether there is one trained local worker for every ten houses.
2. Indicators of relevance	These show how relevant or appropriate something is.	Whether new stoves burn less fuel than the old ones.
3. Indicators of accessibility	These show whether what exists is actually within reach of those who need it.	A health post in one village may be out of reach of other villages due to mountains, rivers, lack of transport or poverty.
4. Indicators of utilization	These shows to what extent something that has been made available is being used for that purpose.	How many non-literate villages due to mountains, rivers, lack of transport or poverty.
5. Indicators of coverage	These show what proportion of those who need something are receiving it.	Of the number of people with Tuberculosis in a given area, what % are actually receiving regular treatment

6. Indicators of quality	These show the quality or standard of something.	Whether water is free from harmful, disease-causing organisms.
7. Indicators of effort	These show how much and what is being invested to achieve the objectives.	How long it takes how many men to plant what number of palm tree in a week.
8. Indicators of efficiency	These show whether resources and activities are being put to the best possible use to achieve the objectives.	The number, frequency and quality of supervisory visits after introducing bicycles to replace heavy vehicles.
9. Indicators of impact	These show if what you are doing is really making any difference	After a campaign against measles, does the incidence of measles reduce over the next several years?

### 8.5.1.2 Example of Menu of Indicators for Monitoring Change

Below is a menu of indicators from which critical review can be made in order to assess their relevance and possible adaptability to the cooperatives.

**Table 14: Menu of Indicators for Monitoring Change**

Element	Quantitative Indicator	Qualitative Indicator
<b>1. Change of Attitudes</b>	Proportion of females in formal schooling Number of cases taken to court on behalf of individuals, groups or community. Number of social justice issues collectively pursued Number of social issues discussed or analyzed by groups with view to making informed decisions and choices. Number of public education forums conducted for awareness raising Male or female wage ratio among project workers. Number of cases of transformed or changed practices as a result of group lobby or influence in community. Ratio of women representation in group committee in proportion to men.	Evidence of deliberate option to target the poor and marginalized in group membership. Evidence of critical analysis of problems including their root causes and effects. Increasing ability to question issues and events by asking why? Ability for group members to explain causes of circumstances without fatalism (without blaming God for it) Responsible utilization of natural resources and environment in such a manner as to ensure the ability to sustain present and future generations. Presence of lobby and advocacy groups for sensitization and change of policies. Conservation measures e.g. Tree planting and terracing. Sustainable use of resources at family level including mechanisms for replenishing natural resources. Evidence of collective care for each other and solidarity in case of need

<p><b>2. Promoting Democratic Community Based Organizations (CBOs)</b></p>	<p>Number of annual general meetings held in a given period of time.          Number of elections conducted in a given period of time (frequency)          Frequency of committee meetings          Proportion of new leaders elected per term.          Proportion of members attending meetings and group activities.          Proportion of members who can effectively challenge or oppose the general views of the group or those of the leadership without fear.          Magnitude of local contribution in group project (human labour, material and financial resources)          Rate of membership retention (men and women)          Proportion of members actively contributing ideas in group discussion.</p>	<p>Evidence of group cohesion (interaction and harmony)          Presence of sub-committees with clear role division          Reference to norms, rules or regulations governing group operations and limiting powers of officials          levels of transparency (membership vs leadership)          Quality and frequency of elections          Ability for members to raise thorny issues          Scope of people s decision-making and quality of participation in group discussions          Sense of ownership and control among the membership (characterized by group ability to dispose-off property or acquire new property or share dividends on their own free will without reference to higher authority for permission).          Level of tolerance with those opposing the views of the group or its leadership.          Clarity of group plans, goals and objectives.          Quality of project management (participatory monitoring, evaluation and accountability)          Members ability to assume responsibility for their own decision and actions and draw lessons form their mistakes          Ability to resolve internal conflicts constructively.          Absence of domination by a few elite or powerful families.          Level of homogeneity in socio-economic status among the membership (presence of a strong common bond).          Extent to which members participate, either in dreaming original project ideas, or in adapting external ideas to ensure local ownership.</p>
<p><b>3. Capacity Building</b></p>	<p>Proportion of members trained          Number of training sessions held for the group members in a given period of time.          Number of para-technicians or para-professionals emerging from the group as a result of training activities.          Proportion of women among those utilizing training opportunities.          Proportion of members utilizing acquired skills whether at group, community or family level.</p>	<p>Scope of variety of skills existing among the membership.          Declining dependency on external expertise.          Extent to which Indigenous Technical knowledge is used.          Level of self-sufficiency in knowledge and technical know-how.          Ability to meet and manage a wide range of local needs in the group or community through local resources (material and manpower)          Absence of monopoly in training and leadership opportunities by a few members.</p>

<p><b>4. Strengthening The Economic Base of The People</b></p>	<p>Number of production oriented projects existing  cost effectiveness of project activities  Magnitude of surplus income generated per capita.  Ratio of supply vis-à-vis demand, volume of sales per day  Amount and regularity of dividends shared to members.  Number of income saving oriented activities.  Number of processing industries.  Production per unit, yield per acre.  Capital holding per house hold.</p>	<p>Existence of service oriented projects.  Diversification of Income Generating Project  Presence of market for group products and services  Easy accessibility of group products and services to market outlets e.g communication  Presence of savings and credit schemes.  Evidence of surplus income saved, reinvested or used to import goods and services that cannot be locally generated.  Availability of affordable spare parts and raw materials.</p>
<p><b>5. Improved Living Standards At Family Level</b></p>	<p>Shorter distances to water source, health service centre e.g. Shops for families on average.  Proportion of school age children going to school immunization coverage  Literacy rate, average years of formal schooling.  Magnitude of direct indirect benefits to members, rising per capita income.  Proportion of families who can access or afford the services.  Improved housing and sanitation.  Declining infant and child mortality rate, reduced incidence of diseases and malnutrition.  Rising life expectancy.</p>	<p>Level of utilization and access of social amenities  Quality of social services available (water sources education facilities, health facilities Adequate attention given to the fate of the minority and the marginalized in the communities.  Evidence of regular sharing of dividends to members from group activities.</p>



<p><b>6. Fostering Networking and Linkages</b></p>	<p>Proportion of groups in contact with other neighbouring groups.          Number of federations, cooperatives and unions providing inter-group forum.          Proportion of group members holding positions of influence in other institutions in the community or society.          Proportion of group members actively involved in other community institutions or organisations.          Number of group issues handled at supra-group levels</p>	<p>Nature of group or community contacts with neighbouring or distant groups or communities (Horizontal and vertical linkages)          Evidence of joint plans, or joint ventures between groups or communities.          Presence of Federations, Co-operative, unions or experience sharing forums.          Evidence of Inter-group visits and exchange or interaction.          Regularity of meetings at supra-group levels.</p>
<p><b>7. Phase Over</b></p>	<p>Number of local people technically and professionally prepared for the phase-over of project responsibilities and management</p>	<p>Local capacity and readiness to assume responsibility          Existence of local management structures</p>
<p><b>8. Participatory Reviews</b></p>	<p>Number of review sessions held in a given period          Number and frequency of audits per given period of time          Proportion of group members participating in project or group reviews</p>	<p>Quality of review process-participatory vs conventional          Level of participation and representation of various stakeholders in view sessions.</p>

*(Developed BY PREMESE –Africa Development Institute 1996)*

# 9.0

## Best Practices

### 9.1 Definition of Best Practice

A best practice is a well-defined event or process carried out by a co-operative society or a government which is not done by any other co-operative society or government in the Region. It is sustainable and therefore its structure of implementation can be replicated with maximum success in any country and any co-operative organization in the region.

### 9.2 Price Planning in Oromia Co-operative Union-Ethiopia

#### (a) Context

When liberalization policies started in the early 1980s, co-operative marketing organizations were faced with the challenge of appropriate pricing in order to remain competitive in the market. It is during this period when a number of marketing co-operatives collapsed. One of the interventions done by Oromia Co-operative union in Ethiopia was planning their pricing in order to protect their members as well as remaining in business.

#### (b) What it is

The Co-operative Union has developed mechanisms for monitoring trends in coffee prices as a means of protecting the small holder farmer from exploitation by middle men. In order to protect farmers from being offered prices that are below fair market value, they would set, announce and offer prices of coffee on a quantity higher than what they can buy. After buying the quantity they need, they can even announce a new higher price which will pull up the price offered by the other players in the market to purchase the rest of the coffee. By doing so their members always gained by selling their coffee at reasonably higher prices and alleviate income poverty.

#### (c) Uniqueness and Results

Through this process smallholder farmers have been cushioned against exploitation by middlemen and have ended up earning higher prices on their coffee. On the other hand, the union has promoted healthy competition and it does not have to buy all the coffee. This is a unique intervention because it is carried out using ordinary market tools without compelling farmer members to sell their coffee through the co-operative union.

## **9.3 Fair Trade and Environmental Certification KNCU in Tanzania**

### **(a) Context**

When market liberalization policies came into operation in the 1980s coffee marketing co-operative unions such as the Kilimanjaro co-operative union in Tanzania, would collect coffee and sell it to international buyers through the auction. Over time, the union found that the quality of the collected coffee was below required standards demanded by consumers, hence low prices and low income to the members. This made the union design new strategies for income enhancement and market protection of their members.

### **(b) What it is**

The co-operative union started to invest heavily in the coffee farming systems for quality improvement at the farm level of the members. They carried out a comprehensive survey of the international market and discovered three important aspects of the coffee market (1) Speciality coffee had high demand than ordinary coffees – they are geared to produce Kilimanjaro speciality coffee as part of their product branding strategy (2) Fair trade certified coffee where the union is a full member of fair trade organizations and uses this opportunity to position itself with certified products which fetch better prices. (3) They have started a heavy investment program to produce ecological coffee which fetches even higher prices than speciality coffee.

### **(c) Uniqueness and Results**

The Kilimanjaro Co-operative Union came to the realization that apart from doing business on behalf of their members, it also had responsibilities as a development organization. The union discovered that they had the responsibility for quality improvement by investing on members coffee. Not all marketing unions can do this because it is considered costly and yet in the long run, it pays its way and making the co-operative enterprise system survive market competition.

All these interventions give the union, the best coffee prices from the world market. They are contributing towards environmental conservation and because of this investment they have also sought to get environmental certification which again, will give them more credibility and sustained higher prices and income in the market.

## **9.4 Societies Facilitating Business Development for the Members in Swaziland**

### **(a) Context**

Economic liberalization, has taught many lessons for doing business by co-operative organizations in order to enhance their income. One of the lessons to Swaziland agricultural marketing societies is the art of economic diversification. One of the diversification projects by a primary society located near Mbabane city is the construction of business facilities to be hired to the members.

### **(b) What it is**

A primary Agricultural Marketing Societies would normally collect and sell members crops. This cooperatives society near Mbabane the capital city of Swaziland, has invested in the construction of business premises so that its members can invest in different small and micro-enterprises. This allows some of the members to invest in off-farm activities and enhance their income. Doing so would mitigate risks of investing in agriculture alone.

### **(c) Uniqueness and Results**

This intervention is unique because of two reasons; First, many rural primary societies would take as risky investment going into investing into off-farm micro and small enterprises. Second, is the encouragement of small farmer members to enter into new business activities they were not used to and yet financially rewarding.

This process can be replicated with all other primary societies in Swaziland and build a new crop of members who can invest both in agriculture and off-farm small and Micro enterprises and enhance their incomes.

## **9.5 Integrated Financial Co-operative System- Dunduliza Network of SACCOS-Tanzania**

### **(a) Context**

The known tradition of the structure of savings and credit societies in East Africa is the stand alone mode where the individual SACCOS are registered alone, compete on their own in the financial markets. The SACCOS in this mode may affiliate at district or national levels. But this affiliation is basically for the administration of democracy, solidarity and limited financial intermediation.

The Dunduliza system of SACCOS is a different experiment where they utilize effectively the principal of co-operation among co-operatives. In the network of SACCOS, there is guarantee of basic professional services such as auditing supervision and management.

### **(b) What it is**

Dunduliza is a community system of SACCOS using the integrated approach. There are about 3 clusters at the moment in Ruvuma, Dar-es Salaam and Mara. Each cluster has about 15-20 SACCOS using the same management, operational and accounting systems. They are under one supervisory and professional management system and standards. The SACCOS in the system work with same accounting packages and can easily compare with each other. Management Information System also provides easy access for decision-making purposes. The approach allows the societies to share overhead costs such as ICT, human resources and auditing at affordable unit costs. Once fully integrated, it provides a platform for a regional financial system (e.g. in Ruvuma or Mara Region) where the networked societies easily share information and can easily carry out intra-SACCOS financial business such as inter-lending between surplus and deficit spending SACCOS.



The integrated or federated system of financial services co-operatives, is seen as an opportunity for connecting all the SACCOs at the lowest level, creating an integrated financial cooperative movement at the national level.

### **(c) Uniqueness and Results**

The system of shared services is unique in the SACCOs movement in East Africa. Built on the principle of co-operation among co-operatives, the SACCOs are able to build a network and service centres where costly services could be shared at minimum costs.

Dunduliza though currently funded by DID of Canada, have opened up a new framework for a new design of integrated SACCOs. The advantages of this option are aiming at creating a strong financial cooperative system in Tanzania and may be other countries in the region. Through Dunduliza network ICT with all its advantages is possible. This could also provide a move towards self-regulation and the network could develop a process through which supervision by external authorities is simplified through the use of ICT.

## **9.6 Providing Forum for Policy Evaluation – NASFAM in Malawi**

### **(a) Context**

Malawi is a country where agricultural marketing co-operatives were not very encouraged by the earlier government. But the need for co-operating out of poverty has remained with small farmers all the time. When the National Small Farmers Association of Malawi was formed, many small farmers joined. They used the principles of group economy and solidarity to achieve their economic objectives. Apart from organizing small farmers for economic empowerment; NASFAM learned that policies of the government were instrumental in the creation of conducive environment for the performance of their business. It therefore became clear that NASFAM involvement in policy dialogue was necessary.

### **(b) What it is**

The National Small Farmers Association of Malawi has developed a system for evaluation of policies that affect smallholder farmers in Malawi and providing feedback to policy makers through a formal annual forum. They have a well-structured instrument for data collection on policy impact. This data collection is carried out annually and reports are written on different subject areas of policy. Thereafter, they facilitate a policy dialogue forum through which policy concerns are raised and debated. The forum also acts as mechanism for giving feedback to the government, development agencies, and other key stakeholders.

### **(c) Uniqueness and Results**

One of the unique features of NASFAM as a farmer's organization at the national level is its involvement in national policy dialogue with the government based on confirmed information about policy impact. We have seen how co-operatives are not informed

about policy impact and even their own impact. This unique feature is worth replication in the co-operative movement in the region.

Using the mechanism of annual policy dialogue, NASFAM contributes to both policy discussions and has been able to influence a number of policies affecting smallholder farmers in Malawi. These forums have brought in the farmers to be part of the policy making process because the government recognizes NASFAM forum as a unique feedback process for policy reflection and change.

## **9.7 Mentoring Support for Peer Organisation- Motswedi SACCO in Botswana**

### **(a) Context**

The Co-operative Development Department in Botswana has professional staff in co-operative development. With such professional background, it is expected that they dispose off their professionalism by forming a reputable and well organized co-operative society. Being a co-operative society organized by professionals Motswedi Savings and Co-operative Society, is trying to observe all co-operative principles, values and ethics.

### **(b) What it is**

Motswedi SACCO is owned by the staff of the Ministry responsible for Cooperative development in Botswana. They have taken as one of their deliberate objectives the development of Motswedi as a model SACCO in Botswana. They seek to achieve the objective, by ensuring that the SACCO has appropriate governance and management structures and systems. They have developed appropriate operational infrastructure, and that they are in strict compliance with legal and regulatory requirements. They also seek to offer to superior services to their members. They are putting in place the basic components of a modern SACCO in Africa. They have recently acquired decent premises and currently undergoing a computerization process. The SACCOs have hired skilled and competent staff. They have also put in place a staff upgrading process and incentive a rewarding incentive package. The members of the governing board and the management have acquainted themselves with the Law, and they know the areas where the Law should change. They can challenge the government on issues of policy through dialogue.

### **(c) Uniqueness and Results**

As a result of their position in the co-operative movement, they have also taken the challenge of mentoring and developing other SACCOs in Botswana. They invite them to their AGMs and other important activities and also allow their staff, at the request of the commissioner to provide technical support to other SACCOs. In this way, Motswedi may develop a model where the movement has become the best promoter of SACCOs in Botswana, a role that is currently played by the government.

Motswedi is contributing towards capacity building of SACCOs within Botswana and they do not have to rely on government or external interventions.

## **9.8 Mobilisation of Co-operatives to Build a Co-operative Bank – SASCCO in Swaziland**

### **(a) Context**

The experience of financial co-operatives in East, Central and Southern Africa is the development of parallel financial co-operatives in the same country. Quite often we see savings and credit co-operatives being promoted parallel with co-operative banking in the same country. The team observed this development in all the East African countries where for example the Savings and Credit Union League of Tanzania is not part and parcel of the co-operative banking process in Tanzania. Likewise, the savings and credit co-operatives in Kilimanjaro are shareholders in the Kilimanjaro Co-operative Bank mostly by convenience and not with a long-term vision of building a co-operative financial system in Tanzania.

### **(b) What it is**

The Swaziland Association of Savings and Credit has embarked on a process of mobilizing co-operatives in Swaziland, mainly SACCOs for the establishment of the Co-operative Bank of Swaziland. This is a grand intervention that will create a formidable financial house for cooperatives in Swaziland. They hope to eventually confine technical development support, financial innovation, banking and modern savings and credit operations and co-operative insurance under one financial house. Unlike other countries where the establishment of a co-operative bank is mainly a government agenda, this is one case where the movement has taken the lead to establish its own bank.

### **(c) Uniqueness and Results**

The best practice here is the fact that the savings and credit co-operative movement is nationally mobilizing itself to build a single co-operative financial house in Swaziland. The basic assumption here is that the co-operative house will be efficient to avoid welfare constraints of ordinary monopoly or oligopoly organizations.

## **9.9 Poverty Alleviation through Insurance Service to the Poor – CIC Kenya**

### **(a) Context**

The insurance business is new in Africa. It is even unique to co-operative members. As part of the development and widening the scope of co-operative micro-finance, co-operative insurance is an important feature of financial services in our region. Co-operative insurance is an addition to the organizational protection of the members and poverty alleviation.

### **(b) What it is**

The Co-operative Insurance Company of Kenya was established in 1978 by the cooperative movement. It is wholly owned by the movement and specializes in insurance business, both general and life insurance to the cooperative movement and its members, private and general organizations, corporate bodies and the general public. It is currently ranked the second largest insurance company in Kenya in terms of branch network, and 9<sup>th</sup> largest in terms of market share. It controls about 3.64% of the general insurance business (ranked 9<sup>th</sup>) and 7.2% of life insurance business (ranked 6<sup>th</sup>).

The CIC has recently established a micro-insurance scheme which it is operating in collaboration with some of the micro-finance institutions operating in some of the poorest slums areas in Kenya. These are areas where people live in sub-human conditions and are prone to frequent fire outbreaks, periodic ethnic clashes, high insecurity, and high exposure to theft and vandalism. Through the scheme, it has extended its outreach to the tail end of the market, people who ordinarily live in slums or in rural areas, an extremely high risk group that cannot meet any of the risk rating criteria of mainstream insurance companies.

### **(c) Uniqueness and Results**

The uniqueness of the products offered by the CIC is the fact that it is able to extend insurance products to the poor members of the co-operative movement. By providing insurance cover to this group, those who have accessed credit from micro-finance institutions are able to build their business. This service plays a catalytic role and has enabled the micro-finance institutions to lend to this group and provides CIC with opportunity to address the Millennium Development Goals.

Eventually as these groups develop, they reach a point when they can no-longer sustain through lose arrangement that the self-help group provides and they look for appropriate alternative legal forms, and most of them adopt the co-operative route, and thus providing opportunity for the poor to become members of cooperative societies.

## **9.10 Active Engagement in the Policy and Legislation Making Process-NACHU in Kenya**

### **(a) Context**

Traditionally, co-operative organizations are not used to active policy dialogue .As a result, government institutions take them for granted. NACHU, like NASFAM of Malawi, are different and unique. They are engaging the government in policy dialogue concerning the housing problems in Kenya.

### **(b) What it is**

National Co-operative Housing Union (NACHU) was founded in 1978 as the apex organization for primary housing co-operatives in Kenya. It provides services such as promotion, sponsorship, planning and implementation of housing co-operatives





projects, focusing on the low-income informal sector, supporting development of houses whose value does not exceed Kshs. 500,000. These include people in the lower cadre of formal employment who would not be considered for a mortgage by the formal sector.

When the current government took over in 2003 one of the key items in the agenda was provision of shelter with the promise to provide 150,000 units in urban areas and 300,000 units in rural areas per year. This however required a review of the housing policy, legislation and programme. NACHU which is already a member of Shelter Forum, a pro-poor lobby and advocacy group sought active engagement with the process and ensured effective representation of co-operatives in every important forum, some which it attended without invitation.

### **(c) Uniqueness and Results**

NACHU was able to make considerable contribution in these processes and ensured that the interests of the poor and their members were taken into account in the development of the Housing Policy and the Housing Bill. Their presence also contributed to the formal recognition of the contribution made by co-operatives in shelter development.

The National Housing Policy for Kenya (October 2003) has recognized the role of cooperatives in the provision of housing for vulnerable groups. The government states in the policy (Section 30(b)) that it will facilitate the creation of credit institutions and lending mechanisms that will be accessible to all vulnerable groups, particularly women, the handicapped and the displaced. Housing Cooperatives will be supported and encouraged to initiate community-based credit systems. The Government, therefore, anticipates that through the cooperative movement vulnerable groups both in the rural areas will be able to tackle their shelter problem more effectively and that they will be able to improve their bargaining power through collective effort. This recognition would not have come out this strong if it was not for the active participation of NACHU in the forums.



# 10.0

## Conclusions

### 10.1 Overview

The environments in which co-operatives operate have drastically changed over the last two decades as a result of globalisation, trade liberalization, and as a result of changes in political and economic paradigms. All the six countries have gone through political processes that have seen the creation of increased democratic space and people involvement in political and economic processes. The changing role of governments with the focus being more on creation of enabling policy environment has resulted in decreasing government assistance even to sectors that were previously considered crucial like cooperatives. On the other hand with growing competition from private sector, encroaching into areas that used to be the preserve of co-operatives, such as coffee marketing in most countries, co-operatives no longer hold the monopoly. In addition, co-operatives have not been left out of the clamour for good governance, transparency and accountability by governments and both public and private institutions. These developments are forcing co-operatives to re-assess their way of doing business and performance, and to seek ways and means of improving business efficiency and service to members. The pace of change and response to these changes by co-operatives is however slow.

But it is also recognized that these changes have created tremendous opportunities for co-operatives as local institutions. There are probably no institutions that would respond better to the social dimensions of these socio-economic adjustments and political changes from a business perspective much better than co-operatives. And this has been demonstrated by the role co-operatives have played in providing financial services to the large majority of people who have been declared unbankable by the established financial systems. The other areas where co-operatives have made considerable contributions is to protect smallholder farmer appreciate the level of exploitation by middle men who offer gate prices that are way below the market prices but lure them by providing cash on delivery. Co-operatives have also made considerable contributions towards access to land ownership and access to decent shelter for a majority of people who ordinarily would not meet the stringent requirements of mortgage providers.

### 10.2 Cooperative Development and Promotion

In most of the study countries, agriculture is the mainstay of the rural economy and provides a greater percentage of employment. In linking this to cooperatives, the emerging macro policies do not support development of agro-based cooperatives.

There is a gradual shift to financial cooperatives. The linkage to agriculture is not clearly articulated. Cooperatives have also not responded very well to liberalization and structural adjustments. While the focus has shifted to the financial cooperatives, no holistic approach has been developed to ensure that the agricultural sector is also growing at the same pace and the linked with the financial cooperatives in particular and national policies in general.

- There is lack of targeted promotion of agricultural co-operatives by the co-operative movement and there is no policy framework to guide agencies outside the government on the promotion of cooperatives.
- Even though there is increased emphasis in most countries on the promotion of financial co-operatives, this is not being done in a systematic manner. It is very clear that some basic indicators of promoting savings and credit co-operatives are not observed such as minimum membership, shares and deposits.
- The logic of agricultural and marketing cooperatives is well known to the population of the study countries but overall growth is very slow in terms of organizations as well as membership. This is the results of low levels of promotions and government control.
- The agricultural sector has faced difficult times due to liberalisation and implementation of SAPs since the 90s hence co-operatives based on agriculture lost their traditional markets and were ill prepared for competition; government were not allowed to protect this sector as would have happened in developed countries in Europe and America where subsidies did the trick of keeping costs low.
- The cooperative movement is practically disintegrated. Agricultural marketing cooperatives, savings and credit cooperatives and other types of cooperatives, are operating almost on a stand-alone mode. This situation makes them become prone to competition.
- Agricultural marketing cooperatives continue to be separated from savings and credit cooperatives and in this way they cannot enjoy the synergy of organic integration.

### **10.3 Contribution to Income Poverty Alleviation and Employment Creation**

There is more realization by governments, the co-operative movement, the business community and other agencies collaborating with cooperatives that cooperatives have made considerable contribution to economic development in general and to poverty reduction in particular. The contribution to direct and indirect employment is also very significant. Families that have associated themselves with cooperatives have the economy protected by cooperatives. It may be difficult to measure the direct income effect and employment effect at a micro level but it is evident that small farmers access

better prices and get loans at low rates of interest. Also members of the agricultural marketing cooperatives have better options of marketing their produce with cooperatives than if they were not associated with cooperatives. It is also observed in a number of countries that areas that have had active cooperatives are more developed. You find that most people have attended schools, social infrastructure is very well developed, people have relatively good shelter, people have basic household good, and are able to attend to other issues such as health much more easily. A number of professionals in most countries where SACCOs are strong would say that their first set of household furniture was bought through cooperative loans. Most people who have acquired housing through mortgage financing had to resort to a cooperative loan to finance the required equity participation and the attendant legal and incidental charges. The significant contribution of cooperatives in supporting social issues such as dowry and funerals, which are very important in most African societies, cannot be quantified. Much can be attributed to cooperatives in terms of wealth creation and social development.

## **10.4 Cooperatives and Social Dimensions of Liberalization**

In the face of liberalization, co-operatives have provided protection against exploitation to their members by making appropriate interventions in crop marketing. Existence of marketing organizations has widened the range of marketable agricultural products and shifted the farmers from traditional crops. A number of the marketing cooperatives are moving towards value additions and exploring ways and means of enhancing members income to remain competitive. While providing services co-operatives still play a key role in ensuring reliable supply of farm inputs and implements, and timely crop financing making agricultural production more sustainable with more reliable returns on investments. Cooperatives have in a significant way stepped in at a time when the restructuring processes of banks left more than 50% without basic financial services in most countries. Ironically, what was previously considered unbankable is what banks are now targeting using micro-finance programmes through the same cooperative institutions. Cooperative financial services have also made it possible for the poor to access reasonably priced credit and at terms and conditions that are favourable to them. Most of these who have no collateral/security would not have accessed credit and would have perpetually remained in the poverty circle. Cooperatives are also playing a significant role in protecting members and the poor against unscrupulous moneylenders. The savings mechanisms built by the SACCOs movement have allowed financial self-reliance for individuals and is cumulatively making significant contribution towards financial self-reliance for the countries. The contract between a member and a SACCO is a long-term one and is much deeper than the customer/banker relationships. The availability of localized financial services has enabled small farmer cooperatives access to profitable distant markets and the credit allows waiting time for better prices. These cushion against exploitation of farm-gate prices.



## 10.5 Structures

The study reveals that in all the study countries, there are no viable apex bodies. However there are countries with strong sectoral national bodies or crop based apex bodies. Kenya has very strong sectoral national organizations, Malawi and Swaziland has national organization for the savings and credit associations, Ethiopia has and Tanzania has some crop based national organizations.

Even though the basic organization for the members remains the primary society, and efforts within the movement must be focused in mobilizing and strengthening the primary society; the primary society needs to attain an expanded size for economies of scale in lowering unit cost at the same time there is need to build a competent structure of service delivery at the intermediary and national level. For that purpose the intermediary level will be solely for business disposition and the national level will be for policy and voice mobilization in terms of policy and legislation.

Given that cooperatives are key institutions in socio-economic development in all countries, there is need for member owned and member supported national apex bodies that embrace the interests of the movement on a multi-sectoral basis, whose primary focus is to deal with matters of policy and issues of national importance, and with the ability to promote and protect the co-operative agenda on wholesome basis. Such an organization would create linkages between the movement and other initiatives where the movement must superimpose its presence. Such a body must be different from the members in terms of its objectives and manner of operations. It must be kitted to fit the needs of the members, and operate with a structure and cost base that the members can afford to support.

The establishment of national apex structures must reflect the present circumstances and move away from classical thinking, and structures that responded well to the needs of the yester-years.

## 10.6 HIV/AIDS

Irrespective of comprehensive national programs, cooperatives are not taking the advantage of linking themselves. Cooperatives think that HIV as a national program can only be handled by international funding but cooperatives playing their part can handle the problem locally and efficiently, there is need for partnership between the government and cooperatives movement.

## 10.7 Gender, Youth and Environment

Although policies are in place, cooperatives have not activated themselves into programs on gender youth and environment therefore the three items on the agenda are almost suspended by cooperative movement.

# 11.0

## Recommendations

### 11.1 General Recommendations

#### 11.1.1 Mainstreaming Co-operatives into National Issues

With the appropriate structures in place, co-operatives should in their own rights integrate themselves into structures through which they will actively engage on macro social and economic issues both at local and national levels, and be able to effectively contribute to national policy making. This will however require development of skills and competencies in areas of policy development, lobbying and advocacy for the leadership within the movement at all levels. It will also require awareness creation and training on how decentralized decision-making and resource distribution system works. The leadership of the movement will also need to be trained on some key national systems such as the national budget making processes. It is recommended that the cooperative movement in each country devise methods for active participation in national debates.

#### 11.1.2 Redefining the Role of Government in Co-operatives

The Cooperative movement needs to enter into dialogue with respective governments in redefining roles and responsibilities and working ways and mechanisms through which the movement can take a more prominent role in processes such as mobilization, regulation and development. This can also provide opportunity for development of a charter that defines roles and responsibilities as well as obligations and expectations of each party. The process should also develop in each country ways and means of developing co-operatives to be genuinely member owned and member controlled democratic institutions.

#### 11.1.3 Creation of Vertical and Horizontal Integration

Co-operatives should work towards harmonization and building of a cooperative house in each country, which will steer the development of cooperatives as strong business units able to respond effectively to challenges of competition. This will require cooperatives to create forums at country levels through which they can promote harmonious working relationships. Such forums should be driven by business needs and not necessarily through structures that perpetuate self-interests and power bases.

#### 11.1.4 Dialogue Frameworks

There is need for the movement to develop dialogue frameworks that will encourage interaction with other like-minded organizations. For example in Kenya, KNFC could

establish such a framework with other umbrella organizations like National Chamber of Commerce and Industry, Kenya Association of Manufacturers, Federation of Kenya Employers, Kenya Bankers Association, the National Social and Economic Council, and the National AIDS Control Council.

### **11.1.5 Legal and Policy Frameworks**

The legal frameworks should be subjected to periodic reviews to ensure that they continue to promote member interests as opposed to being instruments of government controls, while at the same time taking into account the realities of the political, social and economic context of each country. The laws should also create space for emerging trends and developments and avoid situations of multiple laws for the same sector (is it one or many laws that address to different types of co-operatives such as savings and credit, housing, handicrafts etc?).

### **11.1.6 Promotion of Cooperatives**

There is need to devise ways and means that will make the movement recognize that it is their primary responsibility to promote cooperatives and thereby develop collaborative arrangements with other stakeholders such as government, employer organizations, worker organizations, and non-governmental organizations. The cooperative training institutions could have a key role to play in this.

### **11.1.7 Instruments for Assessment of Co-operative Development**

Documentation and management of information within the cooperative movement in respective countries should be enhanced first, by devising tracking mechanisms for internal consumption and self-evaluation, and secondly bringing this into the macro social and economic arena by creating linkages with other existing systems such as government statistical offices. The framework contained in this report should provide the foundation for developing such systems. They should also be pegged to other ongoing initiatives such as the Corporate Governance process in Kenya.

### **11.1.7 Co-operative Response to Crosscutting Issues**

On the whole, cooperatives should identify national programmes for areas covered in the crosscutting issues and create appropriate linkages with agencies providing coordination in the respective areas. Where representation in these agencies is by stakeholder interests then cooperatives should objectively present themselves as key stakeholders.

Cooperatives must develop inward looking HIV/AIDS mitigation programs; those which can be financed locally should continue, those which need partnership funding should be presented to the government and donors for funding.

On the youth, cooperatives need both educational and enterprise programs for integrating the youth in cooperative development. This means going to the school system, into the business system and the community.

On gender, its integration is critical to the cooperative movement. There is a need to specify comprehensive programs for gender integration into cooperatives and the work should start from primary societies graduating into other levels of cooperative movement.

On environment, there is need for developing a structural integration of environmental issues into the business cycle of the agricultural marketing and savings and credit cooperatives. These should be backed up by a very comprehensive program of environmental empowerment.

## **11.2 Recommendations for ICA**

The ICA Regional Office is a professional development organization for supporting cooperative development in Africa. It has a strong mandate for influencing change and innovation through its member organizations in the African region. Using its network of member organizations, it also has the opportunity for encouraging new frameworks for positive dialogue between the government and national member organizations of the co-operative movement in the respective countries under its jurisdiction.

The current study focused on the impact of co-operatives in the socio-economic development in selected African countries. The study has given recommendations as to where the next ICA interventions could be directed.

The following are some of the possible areas of intervention by the ICA Regional Office:

### **11.2.1 Research Intervention in West Africa**

The Sub-Saharan region is made up of two major blocks; The East, Central and Southern Africa as one block and West Africa consisting of the second block. But while the first block is mainly Anglophone, the West African block consists of Anglophone, Lusophone and Francophone countries, creating a linguistic and national diversity. To have an encompassing picture of the contribution of Co-operatives in the Region the team recommends that a similar study like this one be undertaken in the West African block. The research should cover similar subjects and issues as those covered in the East, Central and Southern Africa block. The study, if undertaken, should be given more time for preparation and financial resources for development of more detailed instruments and tools of data collection.

### **11.2.2 Development of Impact Measurement Instruments and Approaches**

The current study has revealed a real gap between poverty alleviation objectives of co-operatives and the documentation of real impact on the co-operative communities. Given the ICA Regional Office for Africa mandate of informing and strengthening innovations on information base and requirements into the structures of its member organizations in the member countries, the team recommends that a special action



research project be undertaken. The project would develop an impact tracking instrument and approach to assess the economic and social achievements of co-operatives in Africa.

The project should be coordinated by the ICA Regional Office and the process would involve:

- (a) Design of the instrument(s) and the approach(es),
- (b) Pilot of the instruments in selected countries,
- (c) Securing member countries input and agreement on the instrument and approach, (d) Developing the methodology on how individual co-operatives can make use of the instrument for self evaluation as well as how the same can be used by the ICA for external evaluation,
- (e) Determining how the co-operative movement can integrate instruments into their mainstream activities and
- (f) Integration of the collected data and information into the national statistics.

### **11.2.3 Extending the Enabling Environment Project into Critical Areas of Co-operative Development in Africa**

The current study has revealed that there are a number of critical areas that will need to be addressed in supporting the improvement of policy and legislative environment for co-operatives in order to make effective contribution to the socio-economic development in the region.

Some of the areas could include:

#### **(a) Strengthening/Improvement of Communication Between the Government and the Co-operative Movement**

The study has revealed a major contradiction between stated policy and legislation on one side and what is implemented on the ground on the other. The policy and legislation instruments have often made strong propositions and commitments to the development of autonomous, member-driven, gender balanced and environmentally friendly co-operatives in the member countries. But when it comes to actual promotion, supervision and auditing of the cooperatives, there are more controls than the expected freedom of association.

The EEP aims at creating more space for dialogue and is well positioned to facilitate linkages between the co-operative movement and the government in addressing contradictions that emerge in policies and legislation. The process however requires:

- A comprehensive country-by-country study of the existing relationships between the government and the co-operative movement as demonstrated by existing policies and legislation in terms of their processes of formulation and implementation.

- Analysis of the major differences between policy and law statements and what is in practice.
- Developing mechanisms for dissemination of the outcomes including working with the co-operative movements and governments in the respective countries in developing a pragmatic response (plan of action).
- Developing mechanisms for follow-up, monitoring and evaluation of implementation status of recommendations.
- Facilitating a process that will enable the movements and the governments develop and adopt an inclusive policy development and legislation making and implementation process for co-operatives.

### **(b) Reforming the Role of Government in Supporting Autonomous Co-operative Development in Africa**

Current reforms in co-operative development in Africa, have assumed two positions: First, the government is the producer of the policy and legislation; and therefore does not need to reform its own ranks. It is the creator of the enabling environment and as such it has the responsibility of producing reform documents without itself being reformed. Second, is the thinking that governments are static institutions and cannot be part of a dynamic change process. On the other hand the reform process in the co-operative movement has been slow, selective and waiting to be reformed by governments. To redress this situation, there is need for a process that will engage governments and work towards shifting the roles of government from supervisory and control perceptions of the government officials and the recipient attitude of the co-operative officials to that of bi-partite partnership, with formal charters that define clear roles and responsibilities of the two parties and which guide their relationships.

### **(c) Re-positioning National Apex Organisations**

The study underscores the need for a solid common voice for the movement at the national level and for active engagement of co-operatives on issues that make national agenda including policy development and legislation making processes. If the co-operative movement does not position itself to influence policy and shape the national economic trends then it will be trailing and tagging itself on agendas that have been set and are driven by other players. It is imperative for the co-operative movement to participate in national debate on socio-economic development in their respective countries to ensure representation of the movement agenda. This can only be done if there are appropriate structures (as opposed to institutions) with adequate capacity at the national level.

There is need for the ICA Regional Office to work with the co-operative movement and governments in all the study countries and other countries in this part of the Region towards establishment of transformed national co-operative structures (organizations) that will take new roles and remain relevant to the future of co-operative development in Africa.

# APPENDICES

## **Appendix 1: References for the Conceptual Framework**

1. Carlsson, A *Co-operatives and the State: Partners in Development?*
2. Institute of International Education, Stockholm University, Stockholm, 1992
3. Herrick, J *Empowerment Practice and Social Change: The Place for New Social Welfare Movement Theory*, Working Draft prepared for The New Social Movement and Community Organizing Conference University of Washington Seattle, Washington, November, 1-3, 1995
4. Nachmias, N The Government of Israel's Control of NGOs: *Legal Dilemmas and Structural Constraints*, International Journal of Not-for Profit Law, Volume 3, Issue 2, University of Haifa, Israel, December, 2000
5. Kevin, D *Empowerment: Theoretical Background and Application*, CSWT Papers,
6. Duelfer, *Co-operative Efficiency in East Africa (1973) in Carlsson, A ibid*

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## **Appendix 2: EEP Research Preliminary Questionnaire and the Analysed Outcomes**

### **2(a) Project On Enabling Environment For Co-operatives (EEP): Preliminary Questionnaire**

#### **Research component**

##### **General Information:**

Name of Organisation: .....

Contact Person ..... Title .....

Designation .....

Contact Address; e-mail .....

Telephone ..... Fax .....

Insert codes (country and town) .....

Mailing address .....

Name of Street and Building .....

##### **Preliminary Questionnaire**

1. Capacity to facilitate Research:

Indicate your organisation's capacity to participate in the research by inserting the words *minimal, average or adequate* as follows:

- a) Interest .....
- b) Available staff to co-ordinate .....

- c) Basic resources e.g. vehicles, computers, email facility, office space, telephone, .....
- d) Liaison with other agencies in your country including Government departments and senior officers .....
- e) Liaison with a network of primary co-operative societies in all regions of your country .....

2. Research Issues of concern to the Co-operatives in your country:

- a).....
- b).....
- c).....
- d).....
- e).....

3. State the main purpose of the research and the possible end use:

.....

4. Name the sectors represented in your co-operatives

Total number of sectors .....

Priority listing ( top 5 )

- 1<sup>st</sup> .....
- 2<sup>nd</sup> .....
- 3<sup>rd</sup> .....
- 4<sup>th</sup> .....
- 5<sup>th</sup> .....

5. Where are majority of co-operative members located i.e. district, region or town? .....

6. Indicate the population impacted;

6.1 Total country population .....

6.2 Membership in co-operatives by sector

- a) .....
- b) .....
- c) .....
- d) .....
- e) .....etc.

6.3 Percentage that derives their livelihood through co-operatives;.....

7. Describe your country's socio, economic and political situation.

.....  
 .....  
 .....



8. When was the last research relating to co-operatives carried out? (Year, month) .....
- .....
- 8.1 What topics/issues or sectors were covered? .....
- 8.2 Which researchers were involved? .....
- 8.3 Is the report available? Mark (Yes/ No) .....
- 8.4 Contacts of researchers or organisation where report is available ;( Name, email, telephone...)
- .....
- .....

Questionnaire Compiled By:

..... Date: .....

Submitted to ICA Regional Office for Africa ( Nairobi)

E-mail: njoki@icaafrica.coop

Telephone/Fax +254-2-43 43 060

Or +254-2-43 43 204

## 2 (b) Analysis of Issues as per expected ICA Output Areas from the filled Questionnaires

	ICA Output Area	Issue named	Country Context	Purpose Statement
1.	Impact of Co-operatives	a) Role of Co-operatives in assisting the underprivileged to earn a better living. b) Analysis of future of co-operatives. c) The impact of Savings and Credit in Poverty Alleviation. d) Role of Co-operatives in the national economy. e) Poverty Reduction Strategies. f) Impact of Co-operatives in peoples' livelihoods. g) Establish the impact of Front Office Savings Accounts (FOSA) services in the co-operative movement to members. h) Current status of the co-operative sector	Swaziland, Ethiopia, Botswana, Kenya, Zimbabwe, Malawi, Tanzania	a). Lobbying to Government. b). Work toward poverty alleviation/reduction c). Improve livelihoods of the population. d). Improve co-operatives performance and relevance in the 21 <sup>st</sup> C.

2.	Co-operatives' Institutional Governance, Management, Organisational Structure, Service Delivery and Innovations	<ul style="list-style-type: none"> <li>a) Development of savings and Credit in Rural Areas.</li> <li>b) Human Resource Development.</li> <li>c) Marketing products.</li> <li>d) Membership participation.</li> <li>e) Appropriate management models.</li> <li>f) Information and networking Systems.</li> <li>g) New sector Co-operatives.</li> <li>h) Effective support services and products.</li> <li>l) new activities for co-operatives enterprises.</li> <li>j) School co-operatives.</li> <li>k) Co-operatives Insurance.</li> <li>l) Interventions to be made on member apathy (good governance).</li> <li>m) ICT.</li> <li>n) Current status of the co-operative sector.</li> <li>p) Co-operatives sectoral inter-relationships.</li>   <li>q) Challenges faced in marketing of produce. Enhancing value addition chains</li> <li>r) Level of ICT integration.</li> <li>s) Product Innovation co-operatives as business enterprises.</li> <li>t) Governance, ICT, Co-op Insurance, New products.</li> <li>u) Capacity Building.</li> </ul>	Swaziland, Ethiopia, Tanzania, Mauritius, Botswana, Kenya, Malawi Zimbabwe	<ul style="list-style-type: none"> <li>a). Strengthen the Co-operative Institutions for better performance.</li> <li>b). To promote an entrepreneurial culture for co-operatives' viability.</li> <li>c). To improve governance and ICT for improved delivery of services and expansion.</li>   <li>d). Revitalise the co-operative sector.</li> <li>e). Enhance capacities, competitiveness, consolidation and diversification.</li> </ul>
3.	Develop tools and indicators for Analysis of Policy and Laws affecting Co-operatives.	Policy and Legal issues that affect the development of co-operatives. Legislation. Co-operative Law	Ethiopia, Malawi, Kenya, Zimbabwe	To uphold co-operative identity for posterity and as a planning tool. To have appropriate legislation for improved delivery of services and expansion.
4.	General recommendations on cross cutting factors that affect the impact of co-operatives.	<ul style="list-style-type: none"> <li>a) Impact of HIV/AIDS in the co-operative movement and the extent to which the co-operatives have achieved in combating the pandemic.</li> <li>b) Factors that affect the participation of women in co-operatives.</li> <li>c) Involvement of women and youth in co-operatives.</li> <li>d) Youth and gender balance.</li> <li>e) Fight and curb HIV/AIDS within co-operatives.</li> <li>f) Level of women and youth participation.</li> <li>g) To establish the effect on HIV/AIDS on the co-operative membership.</li> <li>h) HIV/AIDS - study circles</li> </ul>	Swaziland, Ethiopia, Mauritius, Botswana, Kenya, Tanzania, Zimbabwe, Malawi	<ul style="list-style-type: none"> <li>-Mainstreaming cross-cutting issues in Co-operatives</li> <li>- Enhancing the level of awareness in Co-operatives</li> </ul>

5.	Government and Co-operative Movements' Relationship	a) Co-operative sectoral inter-relationships b) Exposures/study visits c) Local, regional, & international exhibitions d) Co-operative leaders fora e) Level of empowerment on lobbying and advocacy	Kenya Malawi Ethiopia	To uphold co-operative identity/culture for posterity
6.	Best Practices	Level of adoption of code of ethics, performance contract, anti corruption measures, prudential standards	Kenya	-Enhancing competitiveness, consolidation and diversity -Enhancing corporate governance

### Appendix 3: EEP Research Travel Programme for Team of Researchers

No.	Destination Country	Flight For	Travel Dates	Departure dates, From Destination Country	Airticket Type	Remarks
1.	Kenya	Kilimanjaro – Nairobi	Sept. 10 <sup>th</sup> . - pm.	Sept. 14 <sup>th</sup> . evening	Return	1 ticket, Chambo note: already booked
2.	Ethiopia	Kilimanjaro – Addis Nairobi - Addis	Sept. 17 <sup>th</sup> . - pm.	Sept. 21 <sup>st</sup> . - am	Return	Chambo from Kilim, Mary & Ochieng fro Nrb
3.	Tanzania	Nairobi – Kilimanjaro	Oct. 8 <sup>th</sup> . - pm	Oct. 12 <sup>th</sup> . - am	Return	Mary & Ochieng fro Nrb
4.*	Botswana	Kilimanjaro– Gaborone Nairobi - Gaborone	Oct. 15 <sup>th</sup> . - pm	Oct. 19 <sup>th</sup> . - am	One way	Chambo fro Kilim, Mary & Ochieng fro Nairobi
5*.	Swaziland	Gaborone – Manzini	Oct. 19 <sup>th</sup> . - am	Departing from Botswana, arrive Swaziland same day	One way	Chambo, Mary, Ochieng
6*.	Tanzania Kenya	Manzini – Kilimanjaro Manzini – Nairobi	Oct. 23 <sup>rd</sup> . - am	Back to base country	One way	Chambo, Mary, Ochieng
7.*	Malawi	Kilimanjaro – Lilongwe Nairobi - Lilongwe	Oct. 30 <sup>th</sup> . - pm	Nov. 3 <sup>rd</sup> . - am	Return	Chambo fro Kilim.. Mary, Ochieng fro Nrb

Note: \* Trips to be confirmed.

### Appendix 4: Checklist of Questions for the Director of Co-operative Development

- 1.0 What do you think is the role of government in the promotion of member-driven and autonomous co-operative development in your country? How is the current promotion approach, different from the situation when co-operatives used to be controlled by the government
- 2.0 How many registered co-operatives are there in your country? Total number of individual members. Number of active vs. dormant co-operatives
- 3.0 Is there a mechanism used by the government Ministry to track down the impact of co-operatives apart from the broad statistics of numbers of societies and membership.
- 4.0 In each country, it is claimed that co-operatives contribute immensely to economic development of the country.
  - II Impact of co-operatives in the generation of income
    - a) What is the impact of co-operatives in employment generation
    - b) How is the Ministry tracking down or measuring impact of co-operatives in the generation of employment
  - III Co-operative Participation in the Formulation of Co-operative Policies and Legislation
    - a) How are the co-operatives involved in policy formulation and Law
    - b) What do you think are the limitations of co-operatives in the participation of co-operative Policy and Law.
    - c) What is the government doing to allow more space for co-operative participation?
    - d) National umbrella organization are currently being restructured, how is that process drive by the members in your country
  - IV Governance Issues
 

There are feelings that Good Governance is still a major problem in co-operative development in all surveyed countries

## **Appendix 5: Guidelines for Focus Group Discussions for Primary Coop Level**

### **Target: Members of cooperatives**

1. Name of the cooperative organization
2. Country
3. List of members in attendance, businesses and positions

### **Membership and Member benefit**

What are the motivating factors for members to join cooperatives?

What is your role as a member of the cooperative?

How does the cooperative promote/support your individual business?

What services/activities are not covered by your cooperative?

### **Institutional and economic Cooperative Environment**

What are the laws, policies and regulations which guide your cooperative operations?

As a member of a cooperative, what difference has the cooperative made to you and your household?

What is your relationship with the government or policy making body?

How are you involved in policy making for income poverty and employment?

### **Linkages and synergies**

How does your cooperative relate to other cooperatives in your locality?

### **Strengthening Cooperatives**

What are some of the external factors that negatively affect the performance of your cooperatives?

What opportunities do you see for building stronger cooperative societies?

What opportunities do you see for enhancing business activities of the members?

### **Governance and Management**

How do you participate in the decision making of the cooperative?

How are you involved in the formulation of bye laws and policies in your cooperative?

What are the strengths, challenges and weaknesses of your cooperative?

### **Cross cutting Issues**

How are issues of gender, HIV AIDS and youth addressed by your cooperative?

## **Appendix 6: Guidelines for Focus Group Discussions for Primary Coop Level**

### **Target: Members of cooperatives**

4. Name of the cooperative organization
5. Country
6. List of members in attendance, businesses and positions

### **Membership and Member benefit**

What are the motivating factors for members to join cooperatives?

What is your role as a member of the cooperative?

How does the cooperative promote/support your individual business?

What services/activities are not covered by your cooperative?

### **Institutional and economic Cooperative Environment**

What are the laws, policies and regulations which guide your cooperative operations?

As a member of a cooperative, what difference has the cooperative made to you and your household?

What is your relationship with the government or policy making body?

How are you involved in policy making for income poverty and employment?

### **Linkages and synergies**





## Appendix 7: List of Institutions and Officials met

### Botswana

Permanent Secretary	Ministry of Trade and Industry
Violet Mosele	Commissioner of Cooperatives
Andrew Mokue	Assistant Commissioner for cooperatives
Sendelani Jobe	Incumbent CEO
Dikaledi Kobe	

Phaliki Lekoko  
 Stephen Setlamo  
 Patience Pheko  
 Gladys Kgopaman  
 Matshediso Ramooki  
 Golebala Busaima  
 Jirogaone Gane  
 B. M. Seakgatcheng  
 M. Mopako  
 P. M. Mokg'osana  
 E. K. Molaba  
 Chebykani Zambezi Tabona  
 Wame Boitumelo  
 Charles Mofenyi Maruza  
 Annah G. Molome  
 Keamogetse Gora

### Ethiopia

Tsigie Haile	Director
Zenash Zewde	Financial Co-ordinator
Mengistu Tessema	Manager Co-operative Union
Egga Fuffa	Finance Head Coop Union
Haile Garbe	Director Bureau of Co-operative Development
Abbey Meherka	Deputy Director and Registrar of Co-operatives
Wossen Mulu	Literature Expert
Fisseha Dibisa	Agricultural Promotion Senior Expert
Gereman Amake	Rural Financial Intermediation Training Officer
Getachew Tefera	Agricultural Co-operative Senior Expert
Teshame Argeta	Capacity Building Senior Expert
Beby Hagos	Pastoral Co-operative Senior Expert
Abera Bekele	Marketing and Credit Study Senior Expert
Abraham Ejeta	Co-operative Promotion Head
Berhanu Daagie	Pastoral Co-operative Senior Expert
Berhane Kidomiu	Rural Financial Intermediation Co-ordinator
Belew Worku	Non-Agricultural Promotion Officer
Demere Demisse	General Manager
Dagne Gessesse	

### KENYA

A. S. Kibora	Director
Anne Njoki Mutisya	
Francis Munane	
Paul Mumene	
Nelson Kuria	
E.K. Mudibo	
Mercy Njeru	
Z.K.Chianida	
Rose Muigai	
Dr. Nyatich	Senior Deputy Commissioner
Julius Bett	General Manager
Christopher Serem	
Chris Luseki	
Mr. Muthama Boniface	
David Muthigani Muriuki	
Francis Kinyua Wanjohi	
Ephantus Muchina Mwangi	

Botswana Cooperative Association  
 Pitsane Dairy Marketing Cooperative  
 Botswana Agricultural Marketing Cooperative Union  
 Moshupa Multipurpose Cooperative Society  
 Motsvedi SACCO  
 Molepolole Focus Group Discussion  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Moshupa Multipurpose Cooperative Society Ltd  
 Botswana Agricultural Cooperative Union  
 Botswana Agricultural Cooperative Union  
 Botswana Agricultural Cooperative Union  
 Botswana Agricultural Cooperative Union  
 Motsvedi SACCO  
 Motsvedi SACCO  
 Motsvedi SACCO

Wise Womens' Co-operative Union  
 Wise Womens' Co-operative Union  
 Wise Womens' Co-operative Union  
 Wise Womens' Co-operative Union  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Federal Ministry of Co-operative Development  
 Lume Adama Farmers Co-operative Union  
 Addis Ababa Savings and Credit Union Ltd AASCCU

ICA Regional office for Africa  
 ICA Regional Office for Africa  
 Kenya National Federation of Cooperatives  
 National Cooperative Housing Union, Kenya  
 Cooperative Insurance Company  
 Kenya National Union of Savings & Credit Cooperatives Union  
 Kenya Rural Savings and Credit Cooperatives Union  
 Cooperative Bank Kenya  
 Nakuru Teachers SACCO

Kenya Bankers SACCO  
 Wanandege SACCO  
 Stima SACCO  
 Mwalimu SACCO  
 Kibirigwi Coffee Farmers Cooperative Society  
 Kibirigwi Coffee Farmers Cooperative Society  
 Kibirigwi Coffee Farmers Cooperative Society

Ndenitu Wakinya  
Ms. Wanjira  
Mr. Thuo  
Mr. Kagundu

**Malawi**

Sylvester Kadzola  
Hillary Jalaji  
Mtisunge Mipando  
Matthews Kali Zulu  
Kingsley Makiyoni  
Eisie Moyo  
Mr. Shadrack Maphamba  
Cecil Mlozi  
Wilson Mkwazi  
C.B. Kayesa  
Kingsley Makiyoni  
Finlay Kandaya  
Ernest Khombera  
Allah Ngoma  
Hillary Jalaji  
Sanderson Isaac Makhanga  
Yusuf Kankuzi  
John Kupenga  
Fraction Gettison  
Felestina John  
Safati Bidisoni  
Rodrick Banda  
Lyson Chigwe  
Wakisa Mughogho  
John Mulangeni  
Bothwell D. Chingango  
Antivell Chindanda  
Funny Mbila  
Lustia Kachapila  
Rajabu Mdala  
Elube Mtsekwe  
B. Kamoto  
Julias Sumani  
Fredrick Chiope  
Lamesi Leonard  
Eliza Malunga  
Edwin Ngwale  
Caterina M. Phiri  
Symon Simfukwe  
T. T. Mdzinja  
L. K. Phiri  
Elizabeth Chirwa  
B. Mizeki  
E. S. Gomani  
R. G. Kandungu Njobvu  
G. Chamdimba  
J. Mukatha  
Samuel Alfred Kafenmalonda  
Peter Manuel  
Apex Hassani  
Roman Chinkonde  
M.P. Banda  
G.I. Chimombo  
L. Kaitano  
D. Dayha  
Sydney Disi  
Chikumbutso Maseko  
Gattaya D. Phiri  
Patrick Jonathan  
Henry Jonathan  
Kayisi Sikweya  
H. Kapito

Nyeri District Tea Farmers SACCO  
Nyeri District Tea Farmers SACCO  
Nyeri District Tea Farmers SACCO  
Nyeri District Tea Farmers SACCO

Malawi Union of Savings and Credit Cooperatives Ltd  
Malawi Union of Savings and Credit Cooperatives Ltd  
Malawi Union of Savings and Credit Cooperatives Ltd  
National Small holder Farmers Association of Malawi  
National Small holder Farmers Association of Malawi  
Ulimi Community SACCO  
Ulimi Community SACCO  
Ulimi Community SACCO  
Ulimi Community SACCO  
Ulimi Community SACCO  
Ministry of Trade and Private Sector Development  
Chitukuko Savings and Credit Cooperative  
Chitukuko Savings and Credit Cooperative  
Chitukuko Savings and Credit Cooperative  
Chitukuko Savings and Credit Cooperative  
Chitukuko Savings and Credit Cooperative  
Ndaula Farmers and Marketing Cooperative Society Ltd  
Ndaula Farmers and Marketing Cooperative Society Ltd  
Ndaula Farmers and Marketing Cooperative Society Ltd  
Ndaula Farmers and Marketing Cooperative Society Ltd  
Ndaula Farmers and Marketing Cooperative Society Ltd  
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Malimba Farmers and Marketing Cooperative Society Ltd  
Malimba Farmers and Marketing Cooperative Society Ltd  
Malimba Farmers and Marketing Cooperative Society Ltd  
Malimba Farmers and Marketing Cooperative Society Ltd  
Malimba Farmers and Marketing Cooperative Society Ltd  
Ngolowindo Horticultural Cooperative Society Ltd  
Ngolowindo Horticultural Cooperative Society Ltd  
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Kawale Tinsmith Cooperative Society Ltd  
Mchinji Farmers Association





Olgah Mamba  
 Thandi Simelame  
 Phumzile Ngongse  
 Emmelinnah Dlamini  
 Busisiwe Mngometule  
 Alice Nkambule  
 Busisiwe Msane  
 Salphinah Mdlanganimwedhlo  
 Gidioni Gwebu  
 Duduzile Simelane  
 Ben Dhlamini  
 Selborn Bhembe  
 Thandi Masuku  
 Albert Simelane  
 Sisana Simelane  
 Wilson Kininza  
 Nonhlanhla  
 Grace Dlodlu  
 Josiah Jobo Mavuso  
 Patrick Moi Dhlamin  
 Mr. Tshongwe  
 D. Musa  
 Mhlonishwa  
 Jerry Nxumalo  
 Tumsile Dhlamini  
 Meshack Msibi  
 Mhlonipheni Msibi  
 Philip Shongwe  
 Abednego Hlatshwayo  
 Grace Hlatshwayo  
 Elizabeth Vuakati

Commissioner for Cooperatives  
 Assistant Commissioner for Cooperatives

#### Tanzania

Dr Anaclethi Kashuliza  
 Hassan Wakasuvi  
 Remigius Mbawala  
 Willigis Mbogoro  
 Gloria Mazoko  
 Stanford Mashingia  
 Raymond Kimaro  
  
 Dr. John Haule  
 Jane Nyombi  
 Prof S.A. Chambo  
 Nsia Uronu  
 Jacita Talimo  
 Emil Njau  
 Malais Nuko  
 Manta N.N.  
 Mpehongwa J.A.  
 Mwanaidi Shaban  
 David Mashingia  
 Menard Swai

Director and Registrar of Co-operatives  
 Chairman  
 Board Member  
 Acting Secretary General  
 Education Officer  
 Research and Development Manager  
 General Manager KNCU  
 General Manager Arusha Co-op Union

Chairman  
 Secretary

Pharkamani Multipurpose Cooperative  
 Zombadze Farmers Cooperative Society Ltd  
 Zombadze Farmers Cooperative Society Ltd  
 Zombadze Farmers Cooperative Society Ltd  
 Zombadze Farmers Cooperative Society Ltd  
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 Cooperatives Department  
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 Bunye Betu Buhle Betu (BBBB)  
 Bunye Betu Buhle Betu (BBBB)  
 Swaziland National Association of Teachers SACCO  
 Asikhutulisane SACCO  
 Ngwempisi Multipurpose Cooperative Society  
 Ngwempisi Multipurpose Cooperative Society  
 Ngwempisi Multipurpose Cooperative Society  
 Mgazini Farmers Multipurpose Cooperative  
 Mgazini Farmers Multipurpose Cooperative  
 Mgazini Farmers Multipurpose Cooperative  
 Mgazini Farmers Multipurpose Cooperative

Tanzania Federation of Co-operatives  
 Tanzania Federation of Co-operatives  
 Tanzania Federation of Co-Operatives  
 Tanzania Federation of Co-operatives  
 Savings and Credit Union League of Tanzania  
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 Savings and Credit Union League of Tanzania  
 WAZALENDU SACCOS  
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 Masama Mula Rural Primary Society  
 Karansi Rural Primary Society

## Appendix 8:

### Report on Proceedings of EEP Research Validation Workshop

Lilongwe, Malawi

Dates: 15<sup>th</sup> To 17<sup>th</sup> October 2007

Presented by: EEP Research Team: Prof. Suleman Chambo & Mary Mwangi

October 2007

#### 1.0 INTRODUCTION

International Cooperative Alliance – Regional Office for Africa under the Enabling Environment Project commissioned a research in 2006 on the relevance of cooperatives in Africa with regard to income poverty alleviation, employment creation, and involvement in policy formulation.

The research was carried out by a team of three experts namely Professor Suleman Chambo of Moshi University College of Cooperatives, Tanzania, Mary Mwangi of FIT Resources, Nairobi Kenya and Ochieng Oloo of Strategic Dimensions, Nairobi, Kenya.

The study covered 6 African countries of Kenya, Tanzania, Ethiopia, Botswana, Swaziland and Malawi.

A report was compiled on the findings which looked into individual countries and the cooperative movement in Africa as a whole.

To ensure that the findings were endorsed as being true and representative, ICA-ROAF, organized a workshop where representatives from the countries visited including delegates from other countries were invited to validate the findings of the research team.

The following report covers proceedings of the three day validation workshop.

#### 1.1 Participants

The workshop participants were drawn from Malawi, Kenya, Swaziland, Botswana, Tanzania and Ethiopia. Other countries which were expected but did not turn up were Uganda, South Africa and Zimbabwe among others.

#### 1.2 Objectives of the validation workshop

The workshop set out to achieve the following objectives

- Creation of interactive process
- Validate collected information
- Build common perspectives
- Build consensus and trust
- Present the report and fill in any gaps for ownership of the research findings
- Create basis for future planning and strategy formulation

#### 1.3 Methodology of the workshop

The workshop used the following methodologies to achieve the set objectives

- Interactive and participatory approaches
- Participants commented, added, contributed and shared experiences on co-operative development
- Brainstorming on emerging issues and structures innovatively
- Group and plenary discussions
- A handout report of the research and power point presentation was given to participants.

#### 2.0 Proceedings of the Workshop

The three day workshop was very intensive but highly interactive. The following sessions were covered during the workshop.

##### 2.1 Day One Proceedings

The day started with registration of the participants who had arrived the day before. Introductions and welcome note was done by ICA regional office for Africa and Malawi Union of Savings and Credit Cooperatives (MUSCCO) who were hosting the workshop.

### **2.1.1 Programme**

The programme for the three day workshop was presented and agreed upon. Duties and responsibilities were also shared out as it was a participatory workshop. The programme is attached to this report as annex 1

### **2.1.2 Expectations of participants**

The participants expressed the following expectations from the workshop

- How governments can be influenced to incorporate cooperatives in its major policy decisions
- To participate in the review of the research work and own up to the output
- How we can improve cooperatives in Africa
- Strategic analysis of the existing environment to propel the growth and sustainability of cooperatives
- To agree on findings and recommendations that lead to strong, dynamic and effective cooperatives in Africa
- To find out if cooperatives are making any impacts on socio economic development in our countries/region
- Are there any realistic opportunities for cooperatives available to make a difference?
- The findings will help us to know how much do cooperatives contribute to the economy of our countries and the way forward to improve them.
- To be appraised on the roles and impact of cooperatives in the socio-economic development of a country from an outside perspective
- To understand how cooperatives in Africa are operating viz a viz the required standards (existing gaps)
- To know the similarities and differences in policies/laws affecting cooperatives in Africa by the different governments
- To have a research report that we will feel ownership of point us to the direction where we need to go to strengthen our cooperatives and departments as well
- Creating an enabling environment involves several stakeholders but in particular government as policy formulator. My expectation is that the workshop will assist us with strategies that we can use to convince our respective governments to come up with appropriate policies.

### **2.1.3 Official opening of the workshop**

The workshop was officially opened by the principal Secretary in the Ministry of Industry and Trade in Malawi Mr. Newby Kumwembe.

### **3.0 Sessions Presented During the Workshop**

The first day started with workshop preliminaries. Research findings sessions were then presented whereby the consultants would make a presentation and then invite discussions on each presentation. This proved to be a highly interactive session and participants were highly energized up to the end of the workshop.

Day two started with recapitulations on proceedings of the previous day's proceedings and any issues, comments or clarifications from the previous day were handled at this session.

### **3.1 Introduction to the EEP Research on Cooperatives in Eastern, Central Africa (Background, Concept, Framework and Current Status)**

The consultants took the participants through the objectives of the study and methodology used in the research. The rationale for the research was also highlighted. The framework within which the EEP research fell was presented. The current status of cooperative development in Africa was discussed. The current status was presented according to 11 themes relevant to cooperatives.

The main discussion started with a theoretical and conceptual discussion focused on the cooperative movement, education, relation with the state and member empowerment. The discussion brought out the argument on collective versus distributive approaches to cooperatives.

#### **Discussion question**

In the current liberalized environment, what should be the role of the government on one hand and the cooperatives on the other in promoting an independent member based cooperative movement in our countries?

#### **Group presentations**

The participants discussed the question and made presentations to the plenary. Below are the consolidated presentations from the two groups.

#### **Role of government**

The role of government in the liberalized economy is promoting the creation of member based cooperatives through the creation of an enabling environment:

- Formulation of Policies and legislation to regulate the cooperative activities. Such policies should be able to recognize cooperatives as autonomous and independent business entities and member owned.



- Undertake human resource development activities in terms of training the members, cooperative personnel and as well as Ministry personnel.
- To capacitate the apex organization through the provision of training to apex personnel and financial resources.
- Policy formulation conducive to a liberalized environment
- Registration of the new Co-operatives
- Setting up prudential standards
- Supervisory & Inspection role
- Education and training
- Registration of Audits

#### **Role of Cooperatives**

- Actively be involved in the promotion, development and marketing of their products and services, product development and branding
- Actively be involved in the legislation and policy formulation.
- Cooperative movements should be well organized so that they present their issues at higher level
- Promotion of cooperatives, advocacy and lobbying
- Education and training
- Networking and marketing information provision
- Development of ICT policy
- Setting up governance and human resource policies
- Setting up centres of excellence
- Advisory services, product development and innovation and value chain enhancement
- Member empowerment
- Product branding
- Integration of cross cutting issues

#### **Discussion Question**

How can we move from a distributive to a collective movement and what lessons can we learn from other countries e.g. Israel?

Participants discussed this in groups and presented in plenary

- Strengthening of the market linkage structures locally, regionally and internationally
- Member Empowerment
- Enhance value chain process
- Establishment of a central fund
- Enhancement of good Corporate Governance

### **3.2 COUNTRY PROFILES – BOTSWANA, ETHIOPIA, KENYA, MALAWI, TANZANIA AND SWAZILAND**

A presentation on the general country profiles was made to the participants. This was done in the form of a matrix to allow for comparisons to be made. The profiles gave the area, population, population growth rate, gross domestic product figures and HIV/AIDS prevalence. It was pointed out that some information was missing because it was hard to validate some information or get statistics since there are minimal tracking systems within the cooperative movement. Some of the figures could also have been outdated.

### **3.3 COUNTRY FINDINGS OF THE STUDY**

The comprehensive country findings were presented to the plenary. The findings were based on several themes of general findings on the cooperative movement in each country, contribution to poverty alleviation, contribution to employment, policy and legislation and cross cutting issues. The participants took a keen interest in this presentation as it brought out specifics in each country and they were interested to hear the findings from their countries. After the presentation, participants went into discussion groups to discuss and give inputs on the presentation including making additions or subtractions where necessary. A caveat was given that the information would have to be verified and sources given to ensure inclusion of bona fide information in the research report.

#### **Discussion Question**

Comment on the country profiles and make additions and/or corrections.

There was a general consensus that the research report represented the true findings on the cooperative movement and it was a correct representation of each country. The delegates indicated that it was even more informative than the information archives they had available with them. A few corrections were pointed out as corrections or inclusions into the report. It was however stated that these statistics would need to be validated through valid documents for them to be included into the study. The report was passed as true by the time of the research. The new information that was tabled by the participants included the following.

### **3.3.1 Botswana**

The new policy on cooperative development has included issues of youth and women in cooperative development

Has incorporated issues of HIV/AIDS

There is a new ministry of Youth and Culture

The HIV/AIDS prevalence has dropped to about 17%

BMC did not collapse but slowed down in the 80's

### **3.3.2 Ethiopia**

Ethiopia not a mixed economy but a market economy

Direct employment has reached 23,000

Ministry of Youth now exists

Ministry of Women now exists

Co-operatives encouraged to plant indigenous trees

Its not only the Oromia Coffee union that lobbied the Govt.

The branches of Oromia cooperative bank have reached 18

### **3.3.3 Kenya**

Number of Employee in Co-operative is 250,000

The Government has formed a distinct Ministry for youth affairs – MOYA

Plans to set up a National Co-operative Resource Centre underway

The SACCO Bill when passed into law will revolutionize the SACCO sub sector

Membership – 7 million

### **3.3.4 Malawi**

EU is working with NASFAM

Use of the term "association" instead of "co-operative"

Malawi now has 2 apex including the coffee apex with headquarters in Lilongwe

There are 220-350 registered "co-operatives".

### **3.3.5 Swaziland**

Apart from the government department of cooperatives, the apex organizations i.e. SASCCO does promotion among SACCOS and CCU before its demise was doing promotion among multi purpose farmers cooperatives

CCU was established in 1971 not 1968

The report indicates that women form the majority in cooperative membership. In reality, the country is not doing a lot on this issue because the situation corrected itself as a result of labour issues. However, the department tries to ensure that at elections, the women are included in the boards, because the tendency was exclusion which was sometimes as a result of reluctance of women to lead

### **3.3.6 Tanzania**

Expound on the term of office for committee members

Consider establishing a Co-operative Bank at the National level

Start up an National Co-operative Insurance Organization



## **Annex1: EEP Research Stakeholders' Workshop Programme**

**14 – 18<sup>th</sup>. October 2007**      **Lilongwe, MALAWI**

### **14<sup>th</sup>. October, 2007, Sunday**

Arrival and Registration of Participants at the Riverside Hotel (Finley Kandaya, MUSCCO)

### **15<sup>th</sup>. October 2007, Monday**

9.00 am: Registration, Introductions and Welcome (ICA Africa, MUSCCO)

9.30 am: Programme, Expectations and Objectives (Consultants, ICA Africa)

10.00am: Identification of Rapporteurs and session Chairpersons (Consultants)

10.30 – 11.00 am. BREAK

11.00am OFFICIAL OPENING  
Minister for Trade and Industry, Malawi

11.30am – 12.15pm. Introduction to The EEP Research on Co-operatives in Eastern, Central & Southern Africa.  
(Background, Concept, Framework & Current Status) (Consultants)

12.15 – 1.00pm Country Profiles- Botswana, Ethiopia, Kenya, Malawi, Tanzania & Swaziland. (Consultants)

1.00 – 2.00pm. LUNCH

2.00 - 3.00 Country Findings of the Study; - Botswana, Ethiopia, Kenya, Malawi, Tanzania & Swaziland.  
(Consultants)

3.00 – 4.00pm. Plenary

4.00 – 4.30 pm. BREAK

4.30 – 5.30 pm. Emerging Scenarios & Sources of Key Services by the Co-operative members & Organisations.  
(Consultants)

### **16<sup>th</sup>. October, 2007. Tuesday**

8.00 – 9.00 am. Group Discussions on Findings, Emerging Scenarios & Sourcing Key Services (Consultants)

9.00 – 10.00 am. Feedback of Group work on Findings, Emerging Scenarios & Sourcing in Key Services  
(Consultants)

10.00 – 10.30 am. BREAK

10.30 – 11.00 am. The Impact of Co-operatives in Socio – Economic development by themes (Consultants)

11.00 – 12.00 pm. Group discussions on Impact of Co-operatives in Socio-Economic Development. (Consultants)

12.00 – 1.00 pm. Plenary

1.00 -2.00 pm. LUNCH

2.00 – 3.00 pm. Study Conclusions and Recommendations (Consultants)

4.00 – 5.00pm Plenary

**17<sup>th</sup>. October, 2007 Wednesday**

8.00 – 9.00am. Instruments for Assessing Co-operative Development (Consultants)

9.00 – 10.00 am. Plenary

10.00 – 10.30am. BREAK

10.30 – 11.30am Best Practices – Case Studies (Consultants)

11.30 – 12.30 pm. Plenary

12.30 – 1.00pm Summary of Validation Workshop (Consultants)

1.00 – 2.00 pm LUNCH

2.00 – 3.00 pm. The Way Forward (ICA Africa & Participants)

3.00 – 4.00 pm. CLOSING REMARKS (ICA Africa, MUSCCO)

**18<sup>th</sup>. October, 2007, Thursday** Departure - Safe Journeys



## NOTES

Handwritten notes on lined paper, including a section titled "Emerging Scenario 5: Schemes of Key Services by the Informal Sector" and a list of "Contributors".

Emerging Scenario 5: Schemes of Key Services by the Informal Sector

Contributors:

- 1. ...
- 2. ...
- 3. ...
- 4. ...
- 5. ...
- 6. ...
- 7. ...
- 8. ...
- 9. ...
- 10. ...



# NOTES

*[Faint, illegible handwritten notes and a circular stamp are visible on the lined paper.]*



NOTES

ESTON



# 7<sup>TH</sup> ICA AFRICA REGIONAL ASSEMBLY

Kilimanjaro



The International Co-operative Alliance (ICA) is an independent non-governmental association that unites, represents and serves co-operatives worldwide.

*-extracted from [www.ica.coop](http://www.ica.coop)*

ICA Library



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