

**THE RELEVANCE, CHALLENGES AND OPPORTUNITIES OF CO-OPERATIVES IN AFRICA**

**By**

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## 1.0 Introduction

The main question which has troubled both policy makers and members of the co-operative movement in Africa, is whether the co-operative enterprise is still relevant in Africa. The implementation of structural adjustment programs and consequent liberalisation policies in early 1980's did set signals that co-operative movement had met its final demise in the eyes of the emerging global economy.

Thirty years today, the global economic system is crushing and global networks are crumbling down, forcing people and governments to go back to Robert Owen and his conceptualization of the co-operative community in the global economy (Compare the world of Robert Owen and the village setting in Africa today). Africa of 2000 looks like the UK in the 18<sup>th</sup> century in many aspects, irrespective some pockets of urbanization (% of urbanism in Africa). The rest of rural Africa is equivalent to the communities of Robert Owen.

The trouble is part of this discussion and the current situation including the current global recession and the bail out efforts, gives us the intuition that, there should be partnership between the co-operative movement and the government as partners in development. It makes us go back to Keynesian economics advancing the existence and practicing mixed economic systems in all economies of the world. The question for future is how to do the blending of the type of mixed economic systems fit for different countries. Second, we see that co-operatives are there to stay now and in future as long as the gap between the rich and poor continues to widen (from this perspective, we see from the outset that the theoretical underpinnings of the **co-operative sector school** is quite relevant in Africa today). The co-operative sector School assumes that in the mixed economy, there are different sectors in existence, Although the proportion of the composition may change due to the level of social upheavals, there will always be a co-operative sector of the economy where the mainstream organization of it will be groups working on well structured principles of co-operation. Co-operation and the co-operative enterprise is praised by its nature of response to emerging social upheavals, calling people to organize themselves against a common enemy of man, be it a disease, poverty, transport and water supply. Co-operation and co-operative organization is needed as a strategy to face different economic challenges more collectively than using private capability of individual business people.

- Perception of the functionality of co-operatives and competitive conditions in commodity trade
- Historical situation of performance of co-operatives during the colonial and post colonial era

- Generality of the co-operative movement in Africa
- The outline of the presentation

## **2.0 Conceptual Framework**

- The concept of co-operation natural and contractual co-operative values and principles
- The link between micro co-operative enterprise and the macro economy,
- The theory of movements and the co-operative movement in particular
- The co-operative movement as an economic order in the global economy -its value-based perceptions

## **3.0 Current Socio-economic Context of the African Continent**

- The economic structures in Africa- the dependent structures
- The history of the construction of the economic structure in Africa
- Politics and culture of the Africa people and their form of traditional economic organization

## **4.0 Why Co-operatives are Relevant in Africa**

- The position of Africa in the global production and marketing systems
- The Africa's position in international trade, commerce and industry
- Africa's position in global conflict systems
- Why co-operatives in Africa
- Co-operatives and the economies in Africa

## **5.0 The Challenges of Co-operatives in Africa**

Despite the relevance of the co-operative enterprise in Africa, the performance of African co-operatives faces a number of challenges. Beyond the need for co-operatives in Africa, there are challenges of reality as follows:

- Policy and legislation
- Status of policy and legislation, why is it a challenge and what is the new direction
- The organizational challenge
- Leadership, management and membership challenge
- Education, member education and empowerment
- The HIV/AIDS

## 6.0 The Co-operative Opportunity for Africa

- What is the opportunity for co-operative development in Africa today and in future
- Why it is an opportunity
- Whose opportunity and why
- What is the direction for the future

## 7.0 Strategic Future for Co-operatives in Africa

- After the analysis of the opportunity, what is the strategic future for co-operative development in Africa
- The economic and political signal for the African economies
- Plurality and inclusivity fit the ground communities in Africa
- The principles and values are futuristic for Africa
- As long as the world continues to be divided between the rich and the poor, the co-operatives enterprise will continue to be relevant in future.
- The future must start from perceptions and realities

Modern co-operative education and training must produce higher academic qualifications at degree and higher degree levels, as experts who can critically question the power relations within and outside the co-operative movement. It must produce designers and thinkers who can reflect on the existing co-operative structures and re-design them so that the future co-operative enterprise is able to respond to future needs and change in the co-operative movement. Third, the co-operative education and training must reposition co-operative graduates as job creators for the co-operative movement as opposed to the traditional job seeking university graduates. **One promising example** is where our first co-operative degree graduates at the Moshi university are preparing to form a professional co-operative organization and create their own jobs than moving around searching for them. In this way, training and education becomes a tool of emancipation of members than a tool of members' subordination.

### **Co-operative Education, Training and Entrepreneurship Development**

As discussed earlier, a co-operative organization is composed of two major parts which are linked to each other; the associative part and the enterprise component. Member empowerment deals with the analysis of power relations and defines the need for action in making members make policy and regulatory decisions on the affairs which affect them in their co-operative organizations. Entrepreneurship education is needed for the members in addressing the enterprise component of the organization.

In forming co-operatives, the members are pooling their capital resources together in order to carry out an identified business so that they can resolve their economic and social problems of which individually, they are unable to overcome. In agriculture for example, small farmers pool their capital resources to access product markets where they can jointly bargain and negotiate for better prices than if they sold their commodities individually. Likewise, in savings and credit cooperatives, members pool their resources to access credit facilities at reasonable interest rates. In housing co-operatives, the members are targeting at accessing decent housing at reasonable rent or prices.

Whatever type of a co-operative organisation, capital investment by the members is involved. But where capital investment is involved, the members are directly assuming a business risk. Traditionally, members have assumed investment risks and carry out co-operative business, but manage it using professionally trained managers. By doing so, the members settled to their traditional activities because the professional managers had the required skills to run co-operative organizations to the expectation of the members. The risks here are many, but three are important: first, the members may remain ignorant to the internal mechanics of the business performed. If it is a marketing co-operative society, members remain ignorant of the markets and prices offered for their commodities until they are eventually informed by the employed managers. Second, the members are not involved in auditing process of their co-operative society because there are employed professional internal auditors to carry out the job on behalf of the members. Third, the members are supposed to exercise maximum trust on the professional managers to run their business on their behalf. This kind of managerial and business relationship are risky and has posed real management problems in the past and present co-operative practice. It has happened in many cases that professional managers collude with leaders and hijack the co-operative society, and run it to serve the interests of few managers and leaders. Not only that, but this kind of management relationships, assures that all employed managers are knowledgeable and emotionally attached to the success of the members, which may not be the case.

This calls for the need for the members to be trained in entrepreneurship business skills so that they can monitor their co-operative business more professionally. This however, does not mean the members will interfere into the day-to-day business of the co-operative society, but they would be in a better position to ask the right business questions to the management because they would have acquired the required basic skills in marketing, business planning, and control. A number of co-operative laws now in the region, call for the formation of supervisory committees in co-operative organizations. The supervisory committees are elected from the membership, trained in basic audit skills, carry out the auditing of their co-operative society and give their independent audit reports to the members during annual general meetings. This gives more powers of control and transparency to the members.

For cost effectiveness, entrepreneurship business development education and training can be carried out by trained local trainers from the communities and can run such members education programs through smaller groups of members during the year. Our college has tested this approach with small farmer savings and credit, and marketing co-operative societies in the central and northern parts of Tanzania with great success.

### **Current Status of Co-operative Education and Training Delivery in Africa**

In theory, there are two sources of co-operative education and training in Africa. The institutionalized education and training and non-institutionalized co-operative education and training. Institutionalized Cooperative education and training is currently offered by Co-operative Colleges and Universities. Ethiopia and Tanzania have University College offering certificates, diplomas, degrees and postgraduate degrees in co-operative studies. The Co-operative College of Kenya runs a degree program in association with Jomo Kenyatta University of Agriculture and Technology. But there are also colleges offering certificate level training in Swaziland, Lesotho, Zambia and Nigeria. In Namibia and Botswana, there have been efforts to carry out training programs by their departments of Co-operative Development. There are also private Universities in Attica such as Strathmore University College in Kenya which are trying to offer university degree training in cooperative studies. University education and training has however confined itself to the production of professional cooperative managers and not extensive with member education and training.

So far, it is the Moshi University College of Cooperative and Business Studies that has the Institute of Continuing Co-operative Education and Development with 19 regional centres across the country. In the regional centres, co-operative education and training for the members is carried out through special seminars, workshops, radio and distance learning programs. Other colleges in Africa are trying to expand outreach but are met with serious budgetary constraints. At the Moshi University College, we are also moving towards evening classes for the diploma programs and distance learning diploma and degree programs.

Non - institutionalized co -operative education and training has been offered by co- operative departments, unions and federations, where managers and leaders are given the responsibility of providing education and training to the members. While the non - institutionalized delivery in the movement has been confined to member education, the mode has also experienced serious budgetary constraints. Co-operative federations also have tried to offer co-operative education through radio programs mainly.

But both institutionalized and non-institutional cooperative education and training, has faced three major challenges as follows:

### **5.1 Under - funding:**

Institutionalized co-operative education and training is usually under-funded. Government ministries have not allocated sufficient funding for co-operative education and training. This has posed serious limitations on the supply side for co-operative education and training. But one of the most acceptable contributions of the government in building a member - based cooperative movement, is the provision of educational resources as part of public good provision so that the capacity for co-operative promotion is gradually handed over to the cooperative federation organization from government. Funding of co-operative education from co-operative organizations has always been weak though there is some marginal allocation. During the conduct of ordinary co-operative business, investment in education is seen to have been long term effect hence not easily appreciated by many boards of co-operative societies.

### **5.2 Delivery Methodology**

Co-operative education and training to members is methodological. It is based on methods of adult learning. But more important the content and process of co-operative education and training has been weak. The content has never been critical to the existing forms of relationship between members and leaders on one side and members and employed managers on the other. Members have never been guided on the simple principles of doing business and the art of business planning. They have invariably been guided through the banking of official knowledge about co-operative principles, values and ethics. Putting them on a corner of wait and see attitude. Co-operative members have maintained a culture of silence and waiting for the government to act on and for them. This kind of co-operative education and training does not make members active participants in co-operative business and development.

### **5.3 Lack of Outreach**

Members of co-operative organizations are dispersed all over the country. As such, they need an educational system which is practically decentralized and well funded. As pointed out earlier, the Moshi University has a decentralized structure of education and training outreach. Such a structure would allow access of members to education and training, based on co-operative problems of the respective areas. In the same structure, radio programs as well as distance learning programs can be organized in a cost-effective manner. However, one of our field limitations is marginal funding.

## **The Way Forward**

From the analysis above, it is obvious that co-operative education and training is sparsely distributed in Africa. The development is also uneven where three countries boast a wide range of co-operative education and training while some countries maintain a minimum certificate level training and yet, most countries in Africa do not have the institutional structure. Third, the available material and channels for education and training are scarce and need to grow. Fourth, government fundings of co-operative education and training as part of general human development capacity is practically marginal. Five, the policy and legislation on co-operatives is unfolding., giving more space to the formation of member -based co-operatives but more efforts need to be invested in co-operative education and training, funded by the co-operative movement itself.

The future for co-operative education and training therefore, need to project itself in the context of future of globalized economy and market competition. In order to fit into a future competitive systems, countries need to invest in the following:

- Raising the qualifications of co-operative management development training into degree and higher degree programs. This investment will eventually produce thinkers and designers who will help out in making the co-operative enterprise compete in globalized competitive markets.
- Decentralized outreach is an important future, for co-operative training institutions in the continent. It is important that, access to education and training by the members be part of a long-term strategy for each co-operative training institutions and their governments in Africa.
- Countries where they have certificate level of education need to enhance it to diploma level so that their human resource system is prepared for degree qualifications, currently demanded worldwide.
- Each co-operative movement and government running co-operative education and training should combine I with member empowerment and entrepreneurship so that the co-operative movement is prepared for the institutionalization of good governance and business development. As part of member empowerment, internal education and training as well as internal audit capacity should also be institutionalized
- Countries without a co-operative education and training facility should be encouraged to invest building colleges.



