

Innovations For Sustainable Co-Operative Development

Keynote Address

By

Prof. Suleman A. Chambo

The Vice Chancellor

Deputy Vice Chancellors

Conference Chairperson Fellow

Co-operators

Ladies and Gentlemen

It gives me a great honour and appreciation, to be invited to give my contribution on a very important theme of the conference titled Innovations for Sustainable Co-operative Development as key note speaker on behalf of my Vice Chancellor, Prof Faustine Bee, who could not make it today. I am also personally grateful, to come back to the Co-operative University of Kenya, our sister co-operative education, training and research institution on the African continent. But I must also point out that for all the East African countries, co-operative education, training and research efforts, started in Kenya at the Lower Kabete School of Co-operation. The shift from Loughborough Co-operative College in the UK to East Africa gave a new context and content to co-operative education and training, aligned to African conditions of production and marketing. We therefore respect Kenya, for providing us with a well-organized history of organized knowledge in co-operative development.

INTRODUCTION

Globally, co-operative organizations are searching ways and means of recreating the organization for the current and future generations. Co-operatives want to be their own self engine of change through innovation. We are dealing with a very critical co-operative value concept and principle of self help, self responsibility and spreading democratic control across the globe. and autonomy and independence.

Principle no seven of the co-operative identity links co-operative organizations to their communities. This link can only exist if they continue to exist now and future generations. The existence of co-operatives as future organizations is evidenced by the its own history. The fact that the co-operative enterprise has existed in all socio-economic and political systems of the world for more than a century and half, is sufficient

testimony that it will continue to exist in future. The co-operative organization was designed to respond to capitalist exploitative relations of production and distribution between people and groups of different objectives of production. The Rochdale industrial workers during the UK industrial revolution looked at their economic situation and discovered that their poor situation was not a result of their participation in production processes, but was a result of ownership relations of production between workers and owners of industry (Smirnov et al., 1984). They realized that relations with owners of capital was exploitative and that is why they faced continued poverty. Therefore, the design of the cooperative enterprise addressed itself to resolve the exploitative contradictions of labour and capital to avoid exploitation and overcome poverty.

A group of research economists led by Prof. Richard ^(Wolfe & R.) has projected that that the co-operative enterprise is going to emerge as the only organisation of future history after the capitalist system has gone down the drain. The existence they give goes by the fact that the demise of capitalism will come under two forces. First one is when owners of capital will exploit human labour to maximum profitability at the expense of minimum wages to the extent that the demand side of the market will be driven by minimum purchasing power and further profit maximization will not be possible. The upper limit of profit maximization will fall out and workers will take over the industry to run it as co-operative. The second force is where capitalist owners of business use robots as substitute for human labour. In this way, robotic technology will supply cheap labour, but zero market for the commodities produced. Such outcomes of industrial capitalism will create conditions which demand democratic economic industry, co-operative values and principles as guidelines for sustaining economic production of goods and services. All researchers are advancing the thinking that future economic systems will be guided by more democracy and tyranny will have no space to exist.

In this presentation, I will visit the following issues: First, I will look at the definitions of innovation and sustainable co-operative development. Second, I shall provide a brief theoretical framework guiding the process of organizational change related to the cooperative movement. At the third level, I will relate the theoretical framework with major changes taking place in the co-operative movement in selected East African countries to see the necessity of innovations for sustainable development in our countries. Fourth, we shall make an analysis of current experience of tested innovations in Kenya, Uganda and Tanzania. In section five, we shall make a visit to sources of innovations in our region and in section six, I will briefly look at opportunity and challenging conditions for planned innovations for sustainable cooperative development. Finally, is the conclusion.

2.0 THEORETICAL ANALYSIS OF ORGANIZATIONAL CHANGE, INNOVATIONS AND SUSTAINABLE CO-OPERATIVE DEVELOPMENT

The two concepts are contemporarily important for explaining change processes in organizations. While innovation is the art and science of doing things in different ways, sustainable co-operative development is the process of preserving current systems for stability and serve communities and co-operatives in future generations. One questions that come into our thinking is the ability of co-operative organizations to make innovations for their stability in the current context and remain relevant to future members and communities. This question, can be answered if the co-operative organizations are prepared for organizational transformation by studying their environment in terms of policy, legislation, markets and human resource capacity for managing change.

The co-operative movement has moved between periods of major shocks of drastic change in their performance which made them move in periods of repeated cycles of decline and growth. But those cycles, have been different in different countries where at some point, were generalized, touching every co-operative movement in each country. In some cases, the devastation caused by external change have been severe in developing countries, Tanzania, Kenya and Uganda included.

Here I would like to exploit two important theories. Theoretically, which explain the nature of change and provide room for organizational innovation and sustainable development. First, is the punctuated disequilibrium theory which postulate that in periods of major change, organizations, co-operatives included may decline or even rendered irrelevant. The change may cause total collapse of some co-operatives. But for those which survive, such a shock may provide room for rethinking on how to make innovations for bringing the organization back to equilibrium. The second theoretical analysis, is the absorption capacity theory. The theory is based on the fact that there are organizations which are always prepared to absorb any change process to the extent that such change is not too harmful to their continued performance. This is the absorptive capacity theory, where the proponents of the theory postulated that organizations need to prepare themselves for change all the time. While strategic planning has been used as the tool for planned change, absorptive capacity theory, points out that organizations need to absorb external knowledge, assimilate it and use it for commercial advantage, all the time. There are three important inputs supporting absorptive capacity at the organizational level. They include the upgrading the stock of knowledge in the organization through human resource capacity development. The stock of organizational knowledge should be enhanced by continuous education, training of members and staff. Second is the existence of gate keepers of external knowledge. This is a group of board members managers and selected ordinary members who are prepared to accept and work for change. They are qualified to analyze external knowledge and make selection which knowledge is useful to the organization and create

structures for assimilating it for enabling change by allowing the implementation of a series of innovations for higher organizational performance. Third is the regrouping of the members and staff to act as carriers of the change process in the organization.

There are four principles for the assimilation of external knowledge and make it useful for innovation and sustain co-operative development. First, is the preparation of the staff and members for the direction and orientation of being prepared for change in a continuous way. Second, the leadership must be prepared for change and manage innovations, and third is positive policy and legislative environment. The fourth principle, is the preparation of the members to accept innovations be able to change. But for the members to accept change, the leadership must make a critical evaluation of the attitude of the members toward innovation and change. In each co-operative organization, there are three types of attitude-based membership. First are those who are in favour of the change process. They will always be ready to be carriers of implementing the assimilated external knowledge. Second, there are those who are critical to any innovation without suggesting any solution. These two groups of members are important for implementing innovation. As for the second group, if they are convinced about the suggested change, they will always support it. The third group are those members who are indifferent and are not sensitive to any results of innovation, whether positive or negative. They will always stand on the fence and totally unconcerned. This group of members cannot take up the challenges of innovation and change.

3.0 THE CURRENT CONTEXT OF THE OLD PARADIGM OF THE CO-OPERATIVE MOVEMENT IN EAST AFRICA

The past is easy and can be repeated without much loss rather than going for change. This statement is taken on board by conservative co-operative leaders, members and government institutions doing promotional work. I would like to point out at the outset that the co-operative movement in the former British colonies, was established on weak systems and structures to the extent that when major external shocks take place, the co-operative movement could not sustain itself. As a result, all major external shocks on the co-operative movement came as surprises and the were not prepared for it. This implies that the effects of changes in the African cooperative movement were not planned and the reaction to such changes were influenced by the **punctuated equilibrium** theory where change is not planned and the declining co-operative movement demonstrated the fact that some co-operative structures were seen as irrelevant and some even died off. Under such circumstances, the surviving structures became the engines of innovation and change.

Here, I would like to point out three major phases which took the co-operative movement in our countries. They include, first, the historical context and the structural condition of the British driven **unified model** of

vertically integrated co-operatives. This model prepared the cooperative movement to be insensitive to change and innovation. The second is the change due to encouraged participation of the co-operative movement in policy and legislation. This second phase, allowed growth of the co-operative movement in the three countries. The third phase, was a major shock which took the movement b u e was e world Bank and International Monetary Fund push for **liberalization of trade** in member countries. Each of the categories of the phases of change outlined above, had lessons which demanded innovations by the cooperative movement for it to remain on higher levels of performance.

3.1 Historical Context and Structure of the Co-operative Movement

Historically, the co-operative movement was established with a push of external demand of export crops coffee, cotton, cashew nuts and tobacco. This indicates that whenever there was any decline of external demand with falling prices, the co-operative organization in Africa faced difficult times. Second is the unified structure imposed during the British colonial period. The unified structure of the co-operative movement, linked primary societies with second tier cooperative unions. The unions formed national apex co-operative organizations for all specialized commodities and activities. In agricultural marketing, the apex co-operatives were based on different commodities exported by co-operatives. In the financial co-operative activity, the savings and credit co-operatives had their own apex national organization known as SCCULT in Tanzania, UCUSCU in Uganda and KUSCO in Kenya. For the financial sector, market competition came from private banks establishing microfinance departments and a group of specialized microfinance institutions. Both the national specialized apex co-operatives in the commodity and financial sectors, formed a fourth tier known as the Federation of co-operatives. This unified vertical structure, atomized the primary co-operatives and blocked them from any horizontal integration where such organizations could exchange experiences and address joint solutions to problems, before they went to the unions.

The structures above marginally could not withstand the changes imposed by external systems. For example, when the Tanzanian government disbanded the co-operative unions, and took over the primary societies as village member-based co-operatives with automatic membership on account of 18 years old qualification. Under such circumstances primary societies could not perform co-operative business and most of the unions collapsed. But in Kilimanjaro, the members were innovative by forming a care taking organization called Kilimanjaro Uremi Corporation and continued with co-operative business though with village based primary co-operatives. In 1984, the Tanzanian government revived the member based cooperative primaries and unions. The urban savings and credit co-operative societies, however, were not affected by government intervention as such.

In Kenya and Uganda, there was more observation of the operation of the co-operative enterprise through the complementary relationship between the government and the co-operative movement maintained stability in the years after political independence.

3.2 Participation of Co-operatives in Policy and Legislation

In all the three East African countries, there was more participation of co-operatives in cooperative policy and legislation formulation, especially after 1987, when the International Cooperative Alliance Regional Office for Africa, encouraged the formation of co-operative policy to be followed by legislation that was guided by the policy. The co-operative policies during this period, emphasized member ownership and decision making of co-operatives. During this period, co-operatives start to spring up again where in Tanzania, for example, a new Cooperative Act of 1991 influenced by Research carried out by our university, emphasized member-based co-operatives. In Kenya and Uganda, co-operative policies were formulated and laws were reviewed to capture the ambitions of the new policies encouraging member democratic control accountability and implementing the co-operative identity principles. During this period for example, co-operative unions in Uganda and Tanzania were given a **legal monopsony** position to purchase all major export crops collected by primary co-operatives.

But as the positive growth of the co-operative movement in the three countries was taking shape, a major external shock was introduced by the World Bank and the International Monetary Fund taking the co-operative movement into liberalization and market competition. Governments were barred from carrying out any business and they were asked to hand off any government protection of the co-operative movement. To the co-operative movement this shock, took the co-operative movement by surprise and their established equilibrium was seriously punctuated in all the East African countries.

3.3 Market Liberalization and Competition.

The advent of liberalization and market competition removed the monopsony position of marketing co-operatives. Private traders of commodities went at the household level to purchase co-operative destined crops. Private companies, set up their own commodity processing factories to add value and enhance their profitability, The co-operative unions suspended input supply as it appeared an immediate cost to them. The removal of input supply to the members, ended up in the decline of commodity productivity and low revenue inflow to the members. As a result of costly operations and being irrelevant to the punctuated organizational environment, national apex organizations in agricultural co-operatives and national federations in Tanzania and Kenya legally exist but less effective. Governments in Kenya and Tanzania continued to play a leading role in shaping the co-operative movement .In Uganda while co-operative

unions declined and most of them removed from the market, the government took a back seat and the co-operative movement through the Uganda Co-operative Alliance, took a leading role of the change process.

4.0 CURRENT INNOVATIONS FOR SUSTAINABLE CO-OPERATIVE DEVELOPMENT IN EAST AFRICA

With the shock of liberalization and competition in commodity markets, co-operatives on their own and with the support of their respective governments have tried to initiate innovative processes in order to continue serving their members. Some of the co-operative based innovations include the primary societies assuming more roles and responsibilities driven by self help and self responsibility. In all the changes that have taken place, the primary society is seen as the critical centre of co-operative action, now and the future. In Tanzania and Uganda, primary societies have started the process of horizontal co-operative integration where members of commodity marketing co-operatives are at the same time forming savings and credit co-operatives. Some primary co-operatives in the Kilimanjaro area have left the traditional union and formed a new low-cost union. They carry out the auction of their commodities. Some of them are considering introducing new commodities through the co-operative marketing channel. In Uganda, the Uganda Co-operative Alliance has played a central role in managing change. At the primary society level, co-operatives are networking by forming a rural Area Co-operative Enterprise. At the Area Co-operative Enterprise, some members of commodity marketing cooperatives are forming savings and credit co-operatives in order to link finance and commodity production and marketing. The number of commodities marketed through the Area Cooperative Enterprise, have been widened to three instead of the tradition of atomized cooperatives where there was a single crop demanded by external markets. In the widened commodity perspective, co-operatives are able to deal with other types of crops including food crops, fruits and vegetables.

In Kenya, co-operatives have addressed the major change process by strengthening the financial co-operatives. For example, the Co-operative Bank of Kenya has been transformed into a **second generation** co-operative where 70% of the shares are owned by the co-operative group and 30% of shares are marketed through the stock exchange market. The national organizations KUSCO, KERUSU, NACHU and the Co-operative Insurance Company of Kenya are still operating and serving the members. These are some of the innovations carried out by the cooperatives themselves. On the other hand, there are innovations encouraged by governments: First, is drawing up a separate legislation to deal with financial co-operatives in Kenya and Tanzania. This will widen the scope of action by such organisations and avoid marginal products and services. In Tanzania, the 2013 Co-operative Act encourages the formation of joint cooperative enterprises where co-operatives establish joint companies to address specific issues for the member co-operatives. On the other hand, joint enterprises are encouraged where cooperatives may form joint companies in collaboration with investor-owned firms. It is however qualified that with such a joint venture, co-

operatives should observe that the principle of autonomy and independence is followed. Such innovations need to be well documented and recognized by members of co-operative organizations and policy makers.

5.0 FUTURE SOURCES OF INNOVATIONS FOR SUSTAINABLE CO-OPERATIVE DEVELOPMENT

From the analysis above, it is clear that the co-operative movement in our region, need planned innovations for sustainability. With planned innovations, co-operative organizations, will perform their responsibility, satisfy their members in and sustain the co-operative advantage. There are important organizational sources of innovation which exist and should be followed closely because planning for continuous change, creates the consciousness of the co-operative movement to be able to predict possible change in the future and plan for absorbing the shocks of such possibilities. The following are critical sources of innovation in our region:

5.1 Capacity Building for the Co-operative Members

Co-operatives are the best business opportunity for members of co-operative societies worldwide. Capacity building is enhanced through continuous education and training for the members, staff of the co-operative enterprises, the leadership and official policy makers for the co-operative movement. Membership education and training has for major perspectives. First, is the separation of education and training. While education is the widening of co-operative knowledge so that members are aware of their business, training is the disposition of business skills to the members. Research on education and training indicate how members have been marginalized from education and training over the years. This marginalization usually done through budget cuts, has kept the members totally uninformed about their co-operative business and how to change it. Member training will give them the skills of doing business and become more entrepreneurial in order to create the possibilities for them to fully participate in any planned change process. Through specialized education and training for the members, cooperatives will enhance the stock of internal knowledge in order to take up their responsibilities of participating gate keepers and carries of assimilated knowledge and use it for business advantage. effectively participate as carriers and gate keepers for the assimilation of external knowledge and use it for business advantage. The third perspective, of capacity building, is the training of ordinary members in leadership skills. Traditionally the implementation of the cooperative principles, have given the direction that leadership originates from the membership. It means that members are **leaders in waiting**. In order to achieve this ambition, it is worthwhile that all members of co-operatives, are trained in leadership skills. By doing so, it assumes that both members and leaders can be gate keepers and carriers of assimilated knowledge for innovation and change.

5.2 Who Should Deliver Co-operative Education and Training for the Members

There has been a tendency of identifying co-operative education and training providers from a variety of sources. Some of the institutional sources of co-operative education and training are non designated institutions which are driven by market opportunities and the creation of captive markets. Some of the non designated institutions include some commercial banks, Non-Governmental Organizations, microfinance institutions and individual consulting firms. It does not mean that such organization should not deliver knowledge about their market functions, but what we are opposed is when they try the delivery of misguided co-operative education and training. The designated institutions for co-operative education and training are the official co-operative training Institutions, including the co-operative universities, the training wings of the national co-operative federations, co-operative audit and supervision organizations and to some extent government departments for co-operative development. Co-operative Ministries are expected to provide some relevant education on the role of the government and how to observe the law when performing their co-operative business. We would like government ministries to concentrate on the implementation of regulatory frameworks. If they try to widen their education and training delivery, they can easily create the belief that co-operatives are still owned by the government.

But the delivery of co-operative education is not the only link to designated co-operative education and training institutions, it is also methodological. When members are being prepared for innovations and co-operative development, the method of delivery should not be limited to giving them information about the beauty of the co-operative enterprise and business, but engaging the members in problem solving co-operative education through participation and empowerment. Our university tried to run a methodologically driven co-operative education through **education, training and experimentation**. The method engaged members in problem solving processes and at the end of a series of sandwich training events, they would go back home with issues to implement and discussed the changes for their own co-operatives. They later came back for another event with reports of what they had carried out in their change experiments. This educational approach, had far reaching impact in making the co-operatives becoming more responsible to the members and they also managed to take independent actions of linking themselves with the co-operative bank which they used to carry out their co-operative business without depending on the traditional union. They also developed their cost effective union enterprise where they could directly connect with foreign buyers of their coffee commodity.

5.3 Collaborative Research Between Educational Institutions and the Co-operative Movement

While we all believe that research is mother of planned innovation, there has for research from government budgets. In the African scene, it is South Africa only where the research budget is 7% of their GDP. In many African countries, research budgets are lower than 2% of their GDP. While such figures are at the national

research levels, it is even minimal when it comes to co-operative research funding. But research funding is not the only area of contention, there are two more areas of weakness in the weak collaborative arrangements: First, there is minimum or even lack of collaboration between co-operative universities and their respective co-operative movements. Second, is the absence of appropriate research methods for planned innovation and change guided research. For a long time now, there has been quite a distance of collaborative research where the co-operative movement may have funding, but they do not invite researchers from their own co-operative universities. They either do it themselves or they invite foreign researchers. On the other hand, universities may have funds for research, but they do not involve research departments from the co-operative movement.

On methodology, carrying out co-operative research is no longer a technical issue alone, but a mix up of university researchers in collaboration with ordinary members, forming up joint teams to implement research through a methodology known as formative process research. In this process, professional researchers join hands with ordinary co-operative members in the identification of the research problem. They jointly develop the research objectives and research questions, and carry out joint literature review. They jointly map out the research methodology and instruments of data collection. They also carry out joint data collection and jointly, develop the findings and discussions. After this stage, university researchers go back to the university to write up their research reports for academic achievement. But the members who participated in the team, discuss the findings and develop the conclusions and recommendations for action. This research method, is one of the strategies for making co-operative members generate innovative actions for co-operative development.

5.4 Strategic Planning

Strategic planning is the art of mapping and prediction of future development and underpinning the needed action in order to manage up coming change. Although strategic planning as an instrument of change management, has been popular savings and credit co-operatives in Kenya. The instrument has not been popular in other types of co-operatives, especially most of the traditional agricultural marketing co-operatives. The reason usually advanced by cooperatives for not carrying out strategic planning is lack of funding to pay consultants. But having no strategically planned change, may be more costly than the amount that would have been paid for the exercise. Strategic planning is an important process for member participation, starting by knowing their current performance and position. It brings useful knowledge about their internal strengths and weaknesses, but also member awareness of the external environment about threats and opportunities. In this way, the co-operatives will be able to capture strategies and actions for increasing their internal strengths and minimize their weaknesses. But also, cooperatives will develop strategies to enhance the capturing of external opportunities and minimize threats which may be caused by policy and

legislation or external competitors. In this way, co-operative organizations will be able to maintain higher levels of performance and avoid the advent of punctuated organizational disequilibrium.

5.5 Co-operative Policy and Legislation

Co-operatives in every country, are guided by national policy and legislation. While co-operative law is an instrument for policy implementation, there are two critical aspects which should be observed by policy makers. First is the fact that both instruments should not be too restrictive but rather, they should advance wider options for creating innovation in co-operative organizations. As pointed out earlier, the Tanzanian Co-operative Act 2013, has tried to avoid traditional restrictions in making the co-operative organization strictly controlled by government. Instead, it has allowed the flexibility of horizontal linkage with other co-operatives and with investor-owned organizations. By doing so, co-operatives are encouraged to create innovations for doing legalized co-operative business by learning from the others.

Second, is the participation of members in policy formulation and legislation. Co-operatives are organizations guided by principles and values of democracy, self responsibility, self help and their investment is in people connected to each other rather than capital. Such organizational context, demands pluralistic participation and legislation so that the required instruments carry the objective ambitions and expectations of the members. Pluralistic cooperative policy and legislation are also needed for co-operatives because the organization has historical evidence of being inclusive where all citizens are allowed to join and leave freely out of their freedom and choice. When members participate in the formulation of policy and legislation, their ideas are a basis for generating innovations and organizational transformation.

6.0 OPPORTUNITIES AND CHALLENGES OF PLANNED CHANGE AND INNOVATIONS FOR SUSTAINABLE CO-OPERATIVE DEVELOPMENT

One of the instruments for future sustainability of co-operatives, is continuous innovation and change. But sustainable co-operative development starts with the members and will end with the members. Reference to absorptive capacity and problem solving member education and training, becomes the starting point for sustaining innovations and sustainable co-operative development. The following are the opportunities of sustaining innovations for sustainable co-operative development in the African scene.

6.1 Opportunities

Opportunities for planned change depends on: First how co-operatives relate to the government. According to Munkner et al (1993), there are a number of models of government co-operative relations. The most referred models for progressive innovations are mainly two- The **complementary mode** where the government looks at their relations with co-operatives as partners in development. The second progressive

model of government /co-operative relations, is the **educational mode** where the government supports the co-operative movement through funding for research, education, training and innovation. These model perspectives will give cooperatives sufficient encouragement to discover new innovations for sustainable co-operative development.

Second, is enabling government policy and legislation. As pointed out earlier, these important instruments provide the needed environment for innovations in co-operative business and development. The needed policy environment should encourage member participation in policy formulation based on a **collective** rather than the **distributive** co-operative movement. Collective co-operative movement creates a large network of primary societies which are well integrated horizontally and vertically. They know each other and have similar demands for rewards and obligations. Distributive co-operative movement can be set up by policy and legislation where the co-operative movement is seen by the government as a conduit for policy implementation and even the co-operative leadership will always be imposed by the government. The opportunity for the generation of innovations comes from the collective co-operative movement. Distributive co-operative movement fulfills the needs of government and hence is not free to innovate until disturbed by punctuated disequilibrium

Third is leadership preparedness. Change is implemented by a specific type of leadership style. Of many leadership styles the most conducive leadership style for the co-operative moment is the **integrative leadership** style. This leadership style is guided by emotional intelligence entrepreneurship, production and the practice of the rule of law, factors which make it useful for accepting change and innovation.

6.2 Challenges

Every positive intervention in organizational development has challenges at the level of implementation. To a large extent, the challenges for innovations in co-operatives are associated with the way government relate to co-operative development, little funding for education training and research and the nature of the movement created by restrictive policy and legislation as follows:

First, there are two restrictive models working against innovation and change. They include the **conflictive** and the **administrative** models. The conflictive model, is where the government is responsible for co-operative formation, management, leadership and business operations. The movement that is generated is strictly distributive. Co-operatives under the conflictive model, are usually formed when there is free money from the government for the formation and management of co-operatives or promises during political elections. The model is conflictive because it does not observe the co-operative principles and values. In the administrative models, the government views co-operatives as an extension of the Co-

operative Department. An example of the administrative model is the Mauritius co-operative movement where salaries and allowances for co-operative managers and staff are paid by the government. Both the conflictive and administrative models do not allow any space for innovations because they are not free although they enjoy funding from the government. As long as the spirit of self-help and autonomy of independence are not encouraged, the innovative capability of such co-operative institutions is limited

Second is limited funding for research, education and training for the members, leaders and staff. We should point out that government funding for research, training and education is justified because it is handled through government owned co-operative universities and colleges. These institutions are able to respond to innovations in co-operative development because they are can design appropriate programs for members, carry out research which can generate innovations and support the vision of a co-operative movement in preparation of responding to planned change.

Third, is where the co-operative movement built by the government from top to bottom demonstrating the distributive character of the co-operative movement. As we saw earlier a distributive movement is unable to generate innovations and change.

We are concerned about these challenges because they are realistic with many governments trying to promote co-operatives in Africa. Each country and government should see the need to make a self assessment as to what extent are they in any of the challenged models of relations to the co-operative movement in the country. The challenged models are the conflictive and the administrative models. They should also make a critical assessment of their funding for research training and education, leading to innovation and sustainable co-operative development.

On the other hand, universities and co-operative colleges should also make a critical assessment of their professional capacity to run problem solving education and training programs. Their capacity to carry out co-operative research in general and formative process research with members in particular. Finally co-operative universities should see whether they have the needed structures to run continuous education and training for entrepreneurship and innovation through decentralized structures. Our university has the Institute for continuing Co-operative Education and the Centre for Co-operative Entrepreneurship and Innovation. Professional capacity and enabling structures for co-operative universities and colleges, are critically important because they are driven by the demand for member inclusiveness. Through well structured universities and colleges, co-operative members are able to access new knowledge, skills and research.

7.0 CONCLUSION

Innovations are necessary as important inputs for sustainable co-operative development. The most important approach is for members to access education, training and research results for making their own innovations so that they are able to sustain growth of their own co-operatives. We have discussed different cycles of change of decline and upswing. Innovations are instrumental for keeping the movement at higher levels of performance. But in order to achieve the ambition of higher performance, planned change through expanding the stock of knowledge of the members, problem solving education, training and formative research. The co-operative movement needs to be prepared as a collective with flexible policy and legislation, strategic planning carried out with sufficient funding from the government for enhancing the institutional capabilities of our universities to deliver education, training and research for the generation of innovations and co-operative development in East African countries.

Thank You