

Capacity Building for Africa's Cooperatives and Social Economy Organizations

A Contribution to the Expert Group Meeting

Cooperatives in Social Development: Beyond 2012

3 – 6 May 2011, Ulaanbaatar, Mongolia

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COOPERATIVES IN AFRICA – BRIEF HISTORY AND CURRENT STATUS

PRE-COLONIAL TIMES

Traditional systems of cooperation, mutuality, reciprocity and solidarity exist in all African societies where they remain vibrant till today, in particular in rural areas and in the informal economy. Well known are the rotating savings and credit associations (also known as “tontines” or “stokvels”) that are omnipresent on the continent and involve large numbers of people; quite often, they include an element of mutual social assistance in addition to the savings and credit aspect. Burial societies, which can be considered as a form of micro-insurance, are widespread especially in Southern Africa. Mutual work-sharing schemes for large, labour-intensive ventures such as house construction, land preparation or crop harvesting can be found everywhere in Africa. These ancient traditions have been adapted to modern times and applied to the conditions of the urban informal economy of many African countries. Modern examples are those female traders from West Africa who pool their resources to send one of them to China to buy merchandise in bulk for all of them – without any written agreement.

The traditional African forms of cooperation and solidarity are often locally rooted, confined to a village or a neighbourhood. The groups and associations are usually (but not always) small in membership, and membership is based on a common bond derived from ethnic origin, social class, professional background, or a combination of those. Social capital and social control are of paramount importance since these groups may handle large amounts of money without any collateral or security. The groups are often temporary or periodic in nature and emerge when need arises; moreover, they seldom developed secondary bodies such as unions and federations. These traditional African self-help groups share many of the values and principles of modern cooperatives but are not at the origin of those; rather, they co-exist with them until today.

COLONIAL PERIOD – THE FIVE TRADITIONS¹

In the great majority of African countries “modern” cooperatives were introduced by colonial powers who transplanted their own cooperative systems into their colonies and protectorates. Through empirical research we can distinguish five “traditions”, i.e.:

- The unified model, mostly found in former British colonies, as an attempt to develop a single, vertically structured and horizontally integrated cooperative movement that is built around the marketing and processing of agricultural cash crops, such as coffee and cocoa.
- The social economy tradition, prevalent in French speaking countries, where the “cooperative” is just but one of different forms of organizations and enterprises that are based on a common bond and a common goal; others forms include associations and mutual benefit groups.

¹ See : Develtere, Pollet and Wanyama, « Cooperating out of Poverty » , ILO, 2008

- The social movement tradition where cooperatives emerge from, or are promoted by, other movements, such as trade unions and farmers' organizations. This tradition has influenced cooperative development in the former Belgian colonies of Central Africa.
- The Portuguese colonial cooperative development strategy promoted a so-called "producers' tradition" whereby cooperatives became functional instruments of rural entrepreneurs and households; the economic role of the cooperative thus preceded its social and societal role.
- Finally, several African countries, such as Ethiopia, Liberia and Sierra Leone, developed their own, home-bred cooperative tradition through the local adaptation of imported concepts and ideas.

AFTER INDEPENDENCE – THE ERA OF "COOPERATIVISM"

After the independence of most African countries in the 1960s cooperative development became an area of high priority irrespective of the "tradition" that these countries inherited. Cooperative development was seen as a strategy to implement the ideal of African Socialism and to gain control over the production and marketing of export crops. Consequently cooperatives were granted marketing monopolies, they were showered with subsidies and preferential hard currency allocations, and they received massive support through government authorities, marketing boards and overseas development agencies. The result of these policies was invariably the alienation between "cooperatives" and rural producers who, because of monopolies, had no choice but to apply for "membership". Cooperatives degenerated into parastatals or mass organizations under the ruling party, were marred by corruption and inefficiency, and were often used to control rather than to promote small farmers. These policies naturally led to a rapid growth in the number of cooperatives all over the continent but have discredited the very term "cooperative" in many African countries until today.

STRUCTURAL ADJUSTMENT

In 1991 and 1992, the World Bank conducted a regional study on cooperatives and other rural organizations in Africa. The study concluded that the policy framework for cooperative development was characterized by Government control and interference, thereby compromising the formation and operations of genuine and autonomous self-help organizations. In addition, stringent state controls over cash crop marketing and financing prevented cooperatives from operating as efficient business entities, and delivering needed services to their members. The authors of the study recommended to free cooperatives from government control and to withdraw excessive state support; these measures were implemented within the context of structural adjustment programmes which became prominent in Africa in the mid-1990s. As a result, thousands of inefficient, over-protected and politicized cooperative structures disappeared within a short period of time, creating a vacuum that neither the emerging self-help organizations nor the private sector were able to fill in the short term. As a result, the contraction of many African economies in the 1990s was partly due to the sudden disappearance of parastatal-cum-cooperative marketing structures.

COOPERATIVES IN AFRICA TODAY

The withdrawal of state support and state control over cooperatives in the 1990s also led to the weakening of the position of cooperative registrars – and consequently, to the unavailability of reliable statistics on cooperatives and their members in Africa. However, research done by the ILO in 2006 and 2007 came to the conclusion that out of 100 Africans, including children and the elderly, seven people are members of a cooperative. The same "penetration rate" of 7% was found by the author some ten years earlier², after analyzing data from thirty African countries. This would mean that the African continent is home to 70 million cooperative members – and this figure does not include membership in less formal types of cooperation and mutuality in the wider social economy. Whereas until the 1990s, agricultural marketing cooperatives were by far the largest group, today this position is occupied by savings and credit cooperatives³. Because of the liberal policies of the structural adjustment period, the "unified cooperative model" has lost ground and gave way to more heterogeneous, less structured cooperative

² J. Schwettmann, *Cooperatives and Employment in Africa*, ILO, 1997

³ Credit unions in the 22 countries affiliated with the World Council of Credit Unions have 15.6 million members.

movements. And because of the tainted image of “state-owned” cooperatives in the past, many countries experimented with more holistic social economy models that cater for diverse organizational manifestations of self-help, including community-based organizations and mutual benefit groups. The gradual disappearance of the unified model also implied the emergence of a myriad of “non-traditional” types of cooperatives, such as housing, handicraft, transport, mining and social services cooperatives. In summary, the contemporary cooperative landscape in Africa is much more diverse, more colourful and less structured than it used to be. Traditional forms of cooperation coexist with modern ones, and formal cooperative societies coexist with informal self-help groups. Almost everywhere on the continent, cooperatives are free from state control – and they can no longer count on state support. These tendencies do have, of course, an impact on the capacity building requirements of the sector.

CAPACITY BUILDING REQUIREMENTS – DIFFERENT TARGET GROUPS

The 5th universal principle of cooperation stipulates that “co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation”, but not enough is being done to implement this principle in Africa. This is one of the factors impeding the growth of the continent’s cooperative movement.

COOPERATIVE MEMBERS

The estimated 70 million cooperative members in Africa may not need “cooperative education” in the traditional sense, that is, the “preaching” of the fundamental values and principles of cooperation since these values and principles are not different from the age-old traditions practised on the continent. However, in the absence of stringent government control and supervision, and in the absence of secondary and tertiary structures that could provide such supervision, the members of primary cooperatives need to enhance their capacity to exercise effective checks and balances over the governance of their cooperative structures. This includes the need to acquire basic financial and economic literacy so as to be able to understand balance sheets and profit & loss accounts. Therefore, cooperative member education must move from theory to practice, from cooperative philosophy to cooperative management. Moreover, cooperative members need to be familiar with the basic legal provisions governing cooperatives in their countries, as well as an understanding of the institutional environment of their cooperative.

COOPERATIVE LEADERS

In the past, elected cooperative leaders could rely on the support from governmental Cooperative Departments, apex organizations and/or international development agencies; such support has all but disappeared as a result of structural adjustment. At the same time, new forms of cooperatives emerged and require a different set of leadership qualities. And thirdly, the less formal types of self-help organizations, including those in the urban informal economy, require leaders that excel not only in good governance and active citizenship but also in the political and societal representation of their members. Today’s cooperative leaders in Africa therefore require a mix of business skills, political acumen and managerial competence, as well as vision and conviction. In smaller, less formal self-help groups the leaders will often act as managers and therefore require basic management skills in the fields of marketing, finance, accounting and other areas specific to the area of intervention of their cooperative. In larger cooperatives, the elected leaders need the knowledge and expertise to effectively supervise a professional cooperative manager.

COOPERATIVE MANAGERS AND EMPLOYEES

Today’s cooperatives managers must be able to combine the skills of an effective business manager with those of an efficient service provider; s/he must be able to steer the cooperative’s business in such a way that it breaks even and generates a surplus, while at the same time rendering adequate services to members. In the majority of cases s/he must do this without technical support from government, development partners or apex organizations.

Therefore, the capacity building efforts directed towards cooperative managers must focus on modern business practices, including ITC, rather than on theoretical values and principles.

Cooperative employees need to acquire professional skills that make them more proactive so as to enable the management and leadership to better respond to the requirements of the market and the needs of the members. As an example, cooperative accountants must not just keep books; they must be able to provide their managers with just-in-time management information and data, thus developing the accounting tools from a legal requirement to a management instrument.

COOPERATIVE PROMOTERS

Effective cooperative promoters must in fact combine the knowledge and skills required by the three groups above, i.e. the members, leaders and employees of cooperatives, and in addition be able to provide their target audience with a full range of organizational options best suited to fulfil their self-help needs. S/he must possess in-depth knowledge of the legal provisions and the institutional environment governing these various types of self-help organizations, as well as some knowledge of the type of business this organization wants to engage in. S/he must be able to promote the cooperative concept not as an objective in itself, but rather as a possible solution to concrete problems.

EMERGING CAPACITY REQUIREMENTS FOR CONTEMPORARY AFRICAN COOPERATIVES

Many manuals and training tools exist for conventional forms of cooperatives, such as those active in the fields of agricultural marketing, rural finance or consumer goods supply. ILO's MATCOM⁴ material, although now over twenty years old, is still being widely used, and some of the manuals are now being updated and modernized⁵. In addition, however, new types of cooperatives require new types of capacity, for which expertise and material still needs to be developed. A few of those areas are outlined below. There might be many others.

FAIR TRADE, ETHICAL TRADE AND BIO PRODUCTS

The impressive example of the Oromia Coffee Farmers Cooperative Union shows how professional and envisioned cooperative management and leadership can take advantage of the opportunities provided by Fair Trade, and effectively use the fair trade premium for social investments and the advancement of local communities and individual producers. Cooperatives appear as the ideal vehicles to promote fair trade since they have the ability to mobilize large numbers of small-scale farmers. In fact, many fair trade organizations in the North deal *exclusively* with cooperatives and similar organizations in the South. The market for fair trade products and biological produce is growing in the industrialized world and offers new opportunities for cooperative suppliers in the South. However, to take advantage of those opportunities cooperative members and leaders need not only to *understand* the requirements of the fair trade market and the conditions set by the Fair Trade Label Organization but also to *implement* those requirements at all levels of production, processing and marketing. The same applies to the production and marketing of "biological" products. Moreover, cooperative managers must acquire the skills necessary to climb up the value chain and thus retain a greater share of the value added derived from the production of their members. These are areas of expertise that existing cooperative training institutions must further develop.

GREEN JOBS, ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE ADAPTATION

⁴ Material and Techniques for Cooperative Management, an ILO programme which produced some forty trainers' manuals and sixty learning elements covering various types of cooperatives. The material has been translated into forty languages.

⁵ Some modules are now being redeveloped by the ILO and partners under the title "My.COOP - Managing your agriculture cooperative"

Cooperatives can provide the appropriate organizational framework for three areas related to the environment and climate change:

- Recycling and solid waste management at the municipal or community level, or through a shared service cooperative of companies that produce waste, or recycle it. Existing examples include a municipal solid waste management cooperative in Mekelle, Ethiopia, waste management projects in Somalia and East Africa, as well as a partnership between waste collectors and agricultural producers in Kinshasa (organic waste is turned into compost and supplied to vegetable farmers).
- The protection or rehabilitation of the environment through collective action; existing examples include cooperative-based reforestation projects in the Sahel, collective soil erosion control projects in Somaliland, and the cooperative use of reclaimed land along the river Nile in Egypt.
- Advise to farmers in climate change adaptation. Since Africa is widely expected to suffer most from climate change, farmers will have to adapt to the more frequent occurrence of droughts and floods. Existing agricultural cooperatives could play an important role in this area, for example through the supply of more drought resistant crops.

All three areas are relatively new to African cooperatives and will require new skills and competencies that are yet to be developed.

THE SOCIAL ECONOMY

The ILO defines the social economy as a “concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social goals and fostering solidarity”⁶. Therefore, the ILO views cooperatives as an essential, but not the sole pillar of the social economy. With the disintegration of formal, often state-controlled cooperative structures in Africa we witnessed the emergence of a multitude of less formal groups, associations and mutuals that function according to cooperative principles without being formalized as such. In many instances, such less formal structures provide a more flexible, more appropriate organizational framework for collective action, especially in the informal economy which provides some 80% of livelihood opportunities in sub-Saharan Africa. The members of such groups typically belong to the less educated whereas the groups themselves require far simpler management and accounting systems than fully-fledged cooperatives. This means that capacity building programmes must be developed that cater for the specific needs of informal social economy groups. An example is the “functional literacy and numeracy training” method developed by the ILO for village grain banks in the Sahel. The method consists of teaching adults in literacy and numeracy on the basis of simple cash books and store registers that keep track of the activities of these grain banks. The health mutuals of West Africa, the tontines of Central Africa and the burial societies of Southern Africa all need appropriate management and accounting system which in turn require specific capacity building efforts.

COOPERATIVE CAPACITY BUILDING INSTITUTIONS IN AFRICA

COOPERATIVE COLLEGES

Cooperative colleges became fashionable in Africa during the 1960s and 1970s, when cooperative development was seen by governments and development as a panacea for rapid and equitable socio-economic development. During this period many cooperative colleges or cooperative development centres were set up with massive donor assistance and in the spirit of the “unified model”, mostly in English speaking Eastern and Southern Africa (Kenya, Uganda, Tanzania, Ethiopia, Zambia, Lesotho, Botswana, Swaziland), but also in Ghana, Nigeria, Cameroon, Rwanda, Côte d’Ivoire and Benin. These colleges were set up as public or parastatal institutions, financed and run by government. In many instances the colleges trained a greater number of civil servants than cooperatives

⁶ Plan of action adopted by the ILO Regional Conference “The Social Economy – Africa’s Response to the Global Crisis”, Johannesburg, October 2009.

members, leaders and employees, who constituted the original target group. Most colleges offered traditional, 1-2 year certificate and diploma courses. All colleges shown in the table below offer residential accommodation for students, although the facilities are not always sufficient to meet the demand.

When state support to the colleges dropped sharply in the 1990s as a result of the structural adjustment policies several of them had to reinvent themselves, and some did so successfully. To begin with, all of them survived the transition and still exist and operate until today. They modernized and enhanced their curricula, developed new courses, opened their doors to the non-cooperative world, diversified into research, consultancy and advisory services, and progressed towards the goal of financial self-reliance. In a number of countries mentioned above the colleges changed their status to become either part of the cooperative movement or autonomous institutions under national law. ILO's former COOPNET programme (which ended in 2002) had established a continental network of cooperative colleges in Africa which is sadly missed today⁷. Under the current ILO COOP^{AFRICA} programme the UK Cooperative College provides technical assistance to a number of colleges in Eastern and Southern Africa, mostly in the field of curriculum development. In addition, the UK Co-operative College is providing expertise in active learning educational methodology, and provides short-term, high-level training for the academic personnel of these colleges. South Africa is now in the process of establishing a cooperative college for the country.

Cooperative Colleges and Universities in Southern and Eastern Africa⁸

College	Staff	Students
Botswana Co-operative Development Centre	8 staff	15 residential 150- 200 outreach
Ambo University, Dept of Co-operatives	17 academic	788 (248 are fulltime)
Co-operative College of Kenya	26 academic/ 8 academic support	900 students
Lesotho co-operative college	17 academic staff (8 part time)	78 students
Swaziland co-operative college	8 academic	70 fulltime students 10 workbased
Moshi University College of Co-operative and Business Studies	108 academic 28 academic support	1,861 students – campus 4810 learners
Uganda co-operative college	20 academic 1 academic support	410 students (33 part time)
Katete College of Agricultural Marketing	11 academic 2 academic support	50 students
Lusaka co-operative college	16 academic 2 academic support	170 students

⁷ However, an African Association of Co-operative Colleges has now been set up.

⁸ Data from : Ms Linda Shaw, « Co-operative education in East and Southern Africa » (unpublished manuscript, ILO, 2010)

UNIVERSITIES SPECIALIZED IN COOPERATIVE TRAINING

Several former cooperative colleges have developed into fully-fledged universities offering masters, doctoral and post-graduate studies. Examples include:

- The Moshi University College of Co-operative and Business Studies (MUCCoBS) in Tanzania which gained university status in 2004 (after 35 years as a cooperative college). The university has gained continent-wide recognition and trains currently some 1.900 students from all over the continent. In addition, MUCCoBS maintains a network of 17 regional centres to deliver cooperative education outreach programmes, but only five of those are reported as being very active.
- The African University for Cooperative Development based in Cotonou, Benin, which evolved in 2009 from the former “Institut Supérieur Panafricain des Etudes Coopératives” (ISPEC) and caters for students from 16 French speaking African countries. As from 2010, the university offers a PhD course in cooperative development.
- The Ambo University in Ethiopia which includes since 2005 a Department of Cooperative Studies where students can earn a B.A. and M.A. in cooperative management and accounting. In 2009 the Ambo University added a post-graduate course in cooperative management.

Both MUCCoBS and the Ambo University cooperate closely with the UK Co-operative College.

COOPERATIVE APEX ORGANIZATIONS

At independence such apex organizations existed in the majority of English speaking African countries and developed into powerful and influential institutions under pro-cooperative government policies; in some countries, such as Tanzania and Zambia, the organizations and their affiliates were assimilated as “mass organizations” under the ruling party. They commanded substantial human and financial resources and were thus able to provide a wide range of support services to their member cooperatives, including in the field of capacity building. However, many of these apexes disappeared or fell dormant during the structural adjustment period, and those that remained lost much of their capacity to provide services to member cooperatives. Attempts are being made to (re)-establish national cooperative apex bodies in countries such as Kenya, Ethiopia and Senegal but it will take time before those become operational. For the time being, we cannot expect these apex organizations to play a significant role in cooperative capacity building, with the exception perhaps of sectoral apexes, such as the credit union leagues that exist in 22 African countries.

CENTRES OF COMPETENCE

The ILO COOP^{AFRICA} programme has developed the Centres of Competence (CoC) approach to broaden the pool of institutions that can provide cooperative education and training in Africa. A CoC can be defined as an institution which has developed a well-known and proven expertise in cooperative-related areas and business services in general. The expertise may be of a specific domain (e.g. accounting) and at either academic or practical level, but it can also reflect an inter-disciplinary approach by combining technological developments, cutting-edge research and practical experience (e.g. how to develop market information centres). The CoC is seen as a reliable, recognised and high quality business service provider that offers relevant services that strengthen cooperatives' identity as well as management and entrepreneurial capacities. The group of CoCs identified and “certified” by COOP^{AFRICA} includes cooperative colleges, ministerial departments of cooperatives, cooperative apex organizations, informal economy associations promoting cooperatives, as well as social partners. These CoCs have formed a loose network to exchange expertise and teaching material.

DISTANCE LEARNING

A number of distance learning opportunities exist for cooperative leaders and professionals, such as the UK Cooperative College which offers distance learning courses (five short modules) in cooperative education. The University College Cork (Ireland) delivers a Masters in Cooperative and Social Enterprise entirely over the Internet. The Open University in the UK – one of the best-known distance learning institutions worldwide - has been involved in producing distance learning material for co-operatives and organizations in the social economy, to help people set up their own co-operative and improve its business and social performance. The University of Victoria (Canada) offers a distance cooperative education programme for cooperative promoters. Some years ago the same university launched an ambitious programme named “Cooperative Learning Centre” (www.learningcentre.coop) with the central purpose to provide access to the wealth of co-operative knowledge and resources throughout the world. However, because of lack of funding, the CLC never really took off.

Many more opportunities for distance learning might exist worldwide but still the potential for the use of ICT and the Internet in education cooperative members and training cooperative staff seems to be underutilized. Africa has made tremendous progress in boosting Internet connectivity, including through mobile devices, which should provide an appropriate basis for the development of distance training courses in cooperative science.

CONCLUSIONS AND RECOMMENDATIONS

The capacity building requirements of the African cooperative movements and social economy organizations have changed considerably over the last two decades because:

- The liberal economic environment introduced through structural adjustment, coupled with democratic reforms in the majority of African countries and the forces of globalization, have exposed cooperatives to a much fiercer competition and greatly increased the need for professional management and better internal governance; at the same time, these changes have opened new opportunities for cooperatives in Africa. As a result, the capacity building requirements of African cooperatives nowadays differ significantly from those some 15 years ago.
- The structural reforms in the 1990s have fundamentally changed the cooperative “landscape” in Africa; we now have more diverse, more heterogeneous, less structured cooperative movements, complemented by a great variety of social economy organizations and enterprises.
- New issues such as fair trade, “green jobs”, information technologies, shared business services, social & community services, etc. provide new opportunities for cooperative action, but require in turn a different set of competencies and expertise. The same is true with regard to financial cooperatives; “SACCOs” are by far the fastest growing segment of the African cooperative movement, but only few of the existing colleges and universities offer training in this area.
- While many African countries do have established cooperative colleges or universities that provide training to cooperative officials, leaders and employees, insufficient training and education opportunities exist for cooperative members, for the promoters of unconventional types of cooperatives, and for the growing universe of the social economy in Africa. These training and education needs cannot be satisfied by traditional institutions alone; they require massive investment into distance learning programmes, as well as the design of innovative schemes, such as cooperative apprenticeships, twinning arrangements, the exchange of personnel, and other means.
- Instead of establishing new cooperative colleges, cooperative leaders and promoters should explore the option of cooperating with relevant private or public training institutions, including universities that may be interested in developing courses for cooperative members, leaders and managers.
- Cooperative capacity building consists not only of training and education; it can also be delivered through advisory services, consultancy, practice-oriented research and others. These services need to be developed further.
- More efforts need to be deployed to form continent-wide cooperative capacity-building networks so as to organize the systematic exchange of expertise, training materials curricula and academic personnel.

The cooperative movements in Africa will not grow if cooperative education and capacity building is confined to the members, leaders and staff of existing cooperative societies. Of at least equal importance is the provision of education and information to the members of the general public, some of whom may never have heard about cooperatives. Such education must start in primary school and should continue through secondary and university education. Of particular importance is the integration of cooperative lessons into the curricula of business management schools and universities.

Finally, capacity building in and for cooperatives in Africa should not be limited to the economic, financial and managerial aspects. Cooperatives and other social economy organizations have a role to play in local and national decisions-making and in the enforcement of good governance. Cooperative members need training in active citizenship; whereas cooperative leaders need to develop their capacity to effectively represent the interest and voice of cooperative members. Cooperatives and the social economy in Africa must become the pillars of a vibrant civil society which in turn must become the guarantor of good governance and democratic change on the continent.

Addis Ababa, 26 April 2011