

Reimagining Africa's Cooperative Development Governance ,*Integration , and Sustainable Development*

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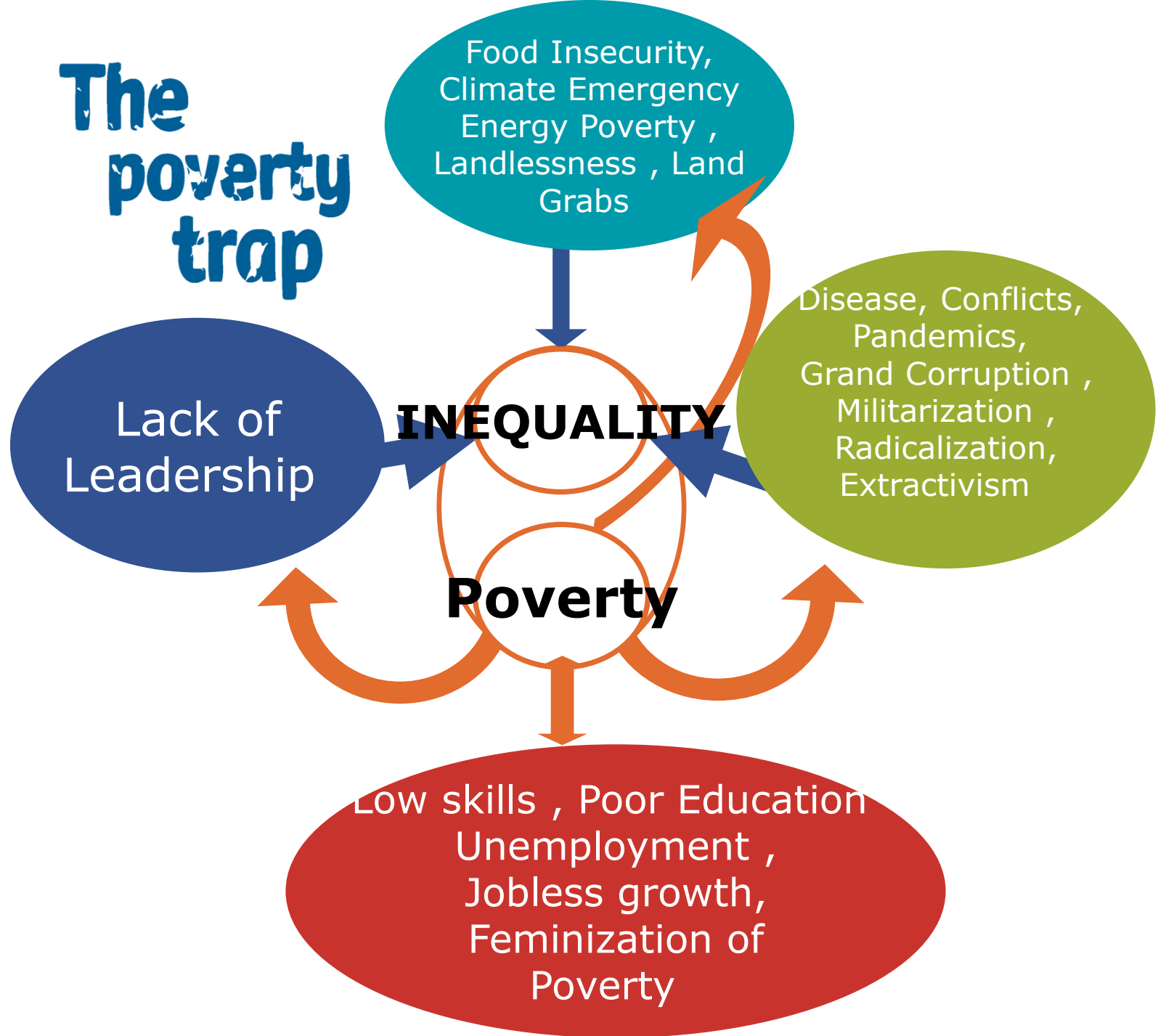


Cooperatives helps us to **connect** our continent's **wealth** to our **development**.



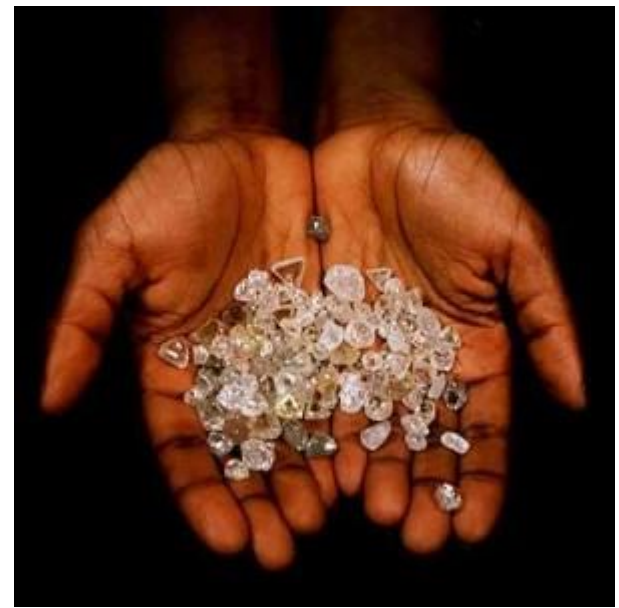
Over \$1.4 trillion over the past 30 years
And now we have...

The poverty trap





Militarization , Financialization, Extractivism and Pauperization vs. Transformative Local Economic Development and regional developmentalism and integration



History and Value of Cooperatives in Africa

Cooperatives are critical enablers of sustainable development and social welfare in Africa and have been promoted as such in virtually all African countries since the colonial period.

- ☑ The history of cooperative development in independent Africa can be divided into 4 broad phases, namely:
 - ⊙ The Era immediately following the second world war (e.g. South Africa , Zambia, Malawi , Tanzania,Ghana,etc)
 - ⊙ The immediate post-independence period in the 1960's to the mid 1990s as a medium of self-reliant growth (e.g. Ujamaa in Tanzania);
 - ⊙ The period immediately following imposition of the Stuctural adjustment (SAPs) and wholesale economic liberalization of African economies (**Wanyama, Develtere and Pollet, 2009**),and
 - ⊙ The period that coincided with the COVID-19 pandemic as captured in the EU/Africa 2020 Strategy (**Moyo et al,2021**)
- ☑ The Cooperative Movement grew significantly in the period between 1918 and the late 1980s. Out of 100 Africans, including children and the elderly, at least 7 people are members of a cooperative (**Develtere, Pollet and Wanyama, 2008**).

NB. The extent of State control , supervision and surveillance of the Cooperative Sector has varied depending on context as well as social , economic and political stability of regimes.

State Control and Coloniality of Forms and Power

There are continuities and correlation between general regulation of the NPO /PVO Sector, regime security and Cooperatives regulation in each context . These are marked by 'Coloniality of Regulatory forms and Power' (SabeloJ.Ndlovu-Gatsheni, 2022; Issa Shivji,1989) . The 7 key characteristics were:-

- ☑ **COOPERATION DIRECTED FROM ABOVE** : After independence, cooperative policies and legal frameworks gave African governments powers to direct and manage the affairs of cooperatives. In most cases, the role of promotion, control and guidance of the movement was vested in special cooperative development departments or ministries that gave these organizations monopolistic positions in the economy (Develtere, 2008).
- ☑ **PUBLIC MONOPOLY AND STATE CLIENTALISM**: State-sponsored agricultural credit schemes were also administered through these cooperatives, which provided another incentive for farmers to join cooperatives. Subsequently, the state quickly brought cooperatives under its control, not just to promote economic development, but also to create jobs for political supporters and use them for other political ends (Muenkner and Shah 1993: 16).
- ☑ **PARTISANSHIP BY CHOICE** : Cooperatives became integrated in partisan party affairs and state politics, thereby losing their voluntary character that is in tandem with the principle of democratic member control.
- ☑ **DONORIZATION AND VERTICAL CONTROL**: In the development finance architecture of the period in question ,the preference of international donors was to support the cooperative movement through the government. Donors like the Nordic cooperative movements, as well as the American and Canadian credit union movements funded African cooperatives through the governments of respective countries, thereby enhancing the resource influence of the state over the cooperative movement.
- ☑ **ACCOMPLICE OF IMPERIAL AND STATE ELITE INTERESTS ?** :African cooperatives in the independence era served a dual role towards donors and national governments . They were willing handmaidens of donors who needed fiscal agents to channel grants to recipients, and they also served governments by acting as collecting agents for agricultural produce on behalf of state marketing boards, as well as providing distribution channels for agricultural inputs (Braverman et al, 1991).
- ☑ **POPULAR BASE EROSION** : By the close of the 1980s, it was apparent that the movement had lost its voluntary and bottom- up character that would have strengthened people's solidarity and put the members in charge of their organizations. In their monopolistic position, cooperatives ceased to reach out to the members, as it was up to the members to join the organizations. In return, members' morale to participate in the management of cooperatives declined, with some considering cooperatives not to be their organizations, but part of the government.
- ☑ **FINANCIAL BASE EROSION AND COLLAPSE**: Similarly, their financial base had been severely eroded. As government agents, cooperatives were subjected to price controls for agricultural produce, which could not enable them to realize sufficient returns or profits from their operations. Their share capital or membership fee payments were minimal or completely nonexistent. This led to undercapitalization of the cooperatives, with a severe dependence on external funding. The politics of state patronage had also contributed to increased cases of corruption; mismanagement; inefficiency; and embezzlement of funds.

Liberalization of Cooperative Sector.1

Liberalization and Cooperative Development

The focus of WB/IMF liberalization was two-fold , namely: to free the cooperative movement from state patronage and control in order to fully align Cooperatives with the neo- liberal development orthodoxy , and creating Cooperatives after the dominant New Public Management theories and New economic thinking models. The changes in cooperative development in Africa were significant. These included the following :

© **Withdrawal and/or Reduction of Government Support to Cooperatives**

- The state withdrew its traditional supportive role to cooperatives in keeping with the mantra of less State implicit in liberalization. In many countries support services like audit, supervision and management training were the first to be withdrawn by the state.
- Tragically , there were no contingency plans to replace State support services with alternative institutions that could perform the same functions. The assumption that the free market would automatically respond to cover demands for these services by cooperatives proved forlorn.
- Government cooperative development agencies were stripped to bare bones or totally dismantled (ICA, 1996). The expectation was that cooperatives would henceforth organize themselves for the provision of these services or seek the same from the market. Which market did not exist anywhere in Africa

© **Autonomy as a Copy Paste Senseless Exercise**

- Across Africa legal frameworks for the regulation of cooperatives were liberalized to give the movement complete autonomy, in order to allow them to fit in within the emerging neo-liberal orthodoxy (so-called competitive market economy). This could only be done through legal reforms that promoted the development of cooperatives in tandem with the International Cooperative Alliance (ICA) co-operative principles of voluntary and open membership; democratic member control; member-economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community. It was envisaged that this would make the management of cooperatives democratic and professional, and thereby transform them from dependent organizations to self-controlled and self-reliant business associations capable of competing with other private enterprises in the market.

© **Change Readiness and Free Market Competition**

- Liberalization of the market attracted new actors in economic sectors that cooperatives had previously enjoyed monopoly status. The market now comprised of many sellers and buyers, who were guided, not by ownership, but by efficiency, competitive pricing and transparency. For instance, in the agricultural sector, the marketing transaction process radically changed. Previously, the ownership of the produce rested with the state marketing board, which then temporarily delegated the same to cooperatives during the processing and marketing of the produce. Thus, cooperatives could claim ownership of the produce until the point of export when ownership reverted back to the marketing board. But in the liberalized market system, the ownership of produce progressively shifted to middlemen and predatory economic elites. An individual farmer owned it up to the point he/she sold it to the next owner, who could be a private buyer ,middleman or a cooperative society (ICA, 1996: 10). Cooperatives had, therefore, to compete with other players to buy and sell agricultural produce if they were to remain in business. **New information and Power Asymmetries arose as did brokerage by curious characters**

Liberalization of Cooperative Sector.2

Liberalization and Cooperative Development

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© **Loss of Monopolistic Power and Membership Erosion :**

- Liberalization had far reaching implications for the cooperatives. For instance, with the loss of their monopolistic power and their lack of competitive and comparative edge they also lost a critical mass of their membership who no longer derived any meaningful economic value from them that they did when Cooperatives guaranteed access to the only marketing channel for sale of produce,
- the availability of several market channels in the new era saw some members opting to sell their produce to alternative buyers.
- Similarly ,no incentive existed any longer for cooperative societies to join cooperative unions in order to find a channel for primary processing and marketing of members' produce.
- With the proliferation of private buyers playing this role, societies slowly –but surely–abandoned cooperative unions, especially mismanaged and malfunctioning ones.

© **Poor governance , Corruption and Disintegration :**

- The immediate impact of liberalization on the cooperative movement was the collapse of many cooperatives, partly due to the inability to manage the new-found independence from the state.
- With the end of strict state supervision, cooperatives were left without a regulatory mechanism to play the role that the government had previously played.
- Liberalization brought with it increased cases of corruption; gross mismanagement by officials; theft of cooperative resources; split of viable cooperatives into small uneconomic units; failure to surrender members' deposits to cooperatives (particularly in SACCOs) by employers; failure to hold elections in cooperatives; favouritism in hiring and dismissal of staff; refusal by management committee members to vacate office after being duly voted out by members; conflict of interest among cooperative officials; endless litigations; unauthorized cooperative investments; and illegal payments to the management committees were increasingly reported in many cooperatives across the continent.
- The lack of financial resources to provide services to their members meant that some members would naturally seek similar services from other providers that had now been permitted to trade. Consequently, many cooperatives, especially in those countries where the state did not take urgent corrective measures, closed down.

Cooperatives and Feminist Economies

Cooperatives have been the most practical way to empower women in Africa in a variety of ways:-

- ⊙ They give people the platform to organize and take collective action about issues of mutual interest and benefit
- ⊙ They have helped millions of African women to gain access to resources , create economic opportunities as well as increase their economic and social power
- ⊙ Cooperatives have facilitated and strengthened women's economic agency , financial inclusion and autonomy , including through :-
 - ⌘ Providing access to credit and other financial services
 - ⌘ Involvement and direct control of decision-making regarding their financial well-being and welfare
 - ⌘ Training in business and leadership skills
 - ⌘ Guaranteeing equal rights in economic decision-making

Challenges and Opportunities in the COVID-19 Era

- ⦿ The COVID-19 pandemic has had significant adverse economic and social impacts on African Cooperatives
- ⦿ Many cooperatives are facing losses due to a drop in income , market share and global market access , increased difficulty in accessing credit and finance
- ⦿ The Silver-lining on a dark cloud ? There are several opportunities that African cooperatives can take advantage of in the wake of the COVID-19 pandemic . and the on-going war in Ukraine and these are :-
 - ☑ Digital marketing and payments /e-commerce tools as well as greater use of mobile money ,online payment platforms .The digital economy envisages greater use of digital technologies ,such as the internet , mobile devices, and analytics to create and deliver value to customers
 - ☑ Providing remote services as well as improved access to capital and financial services
 - ☑ Exploring new markets and business models
 - ☑ Building stronger relationships with the local communities that they serve
 - ☑ Revising organizational structure and governance in order to create more resilient , sustainable and economically viable cooperatives

What Will it Take to Achieve This?



**Tinovonga , Merci , Obrigado
,Shukran , Asante Sana ,Thank You!**

