

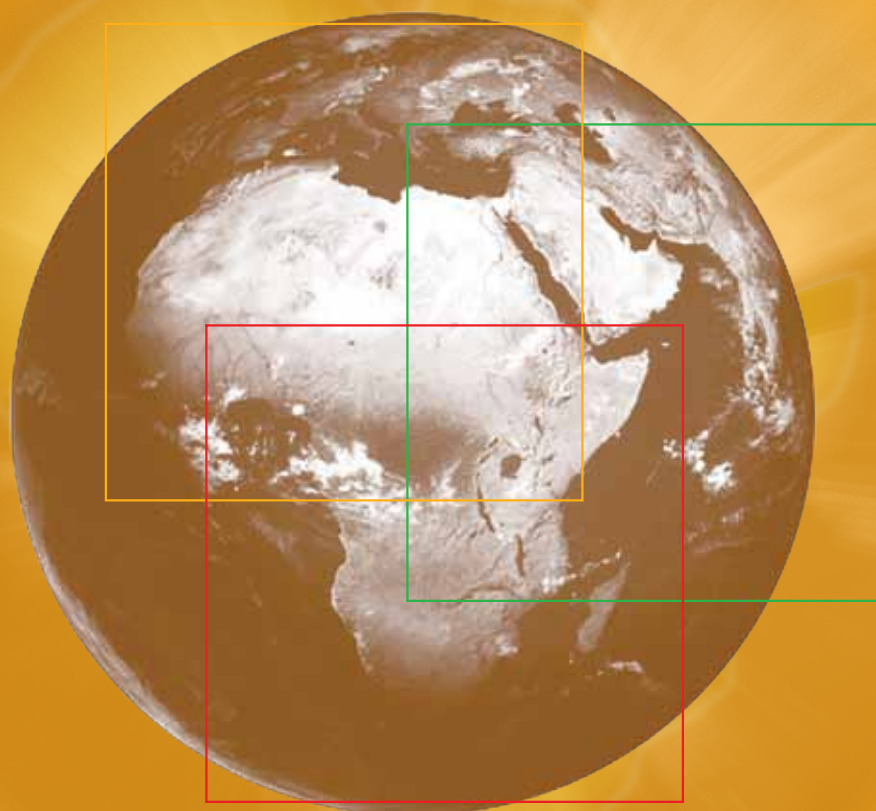


International  
Labour  
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## Coop<sup>AFRICA</sup> Working Paper No.7

# Cooperatives in Africa: The age of reconstruction - synthesis of a survey in nine African countries

Ignace Pollet





The Cooperative Facility for Africa (Coop<sup>AFRICA</sup>) is a regional technical cooperation programme of the ILO contributing to the achievement of the Millennium Development Goals and the promotion of decent work in Africa by promoting self-help initiatives, mutual assistance in communities and cross border exchanges through the cooperative approach.

Coop<sup>AFRICA</sup> contributes to improving the governance, efficiency and performance of primary cooperatives, other social economy organizations and their higher level structures in order to strengthen their capacity to access markets, create jobs, generate income, reduce poverty, provide social protection and give their members a voice and representation in society.

Coop<sup>AFRICA</sup>'s approach consists of assisting stakeholders to establish a legal and policy environment conducive to the development of cooperatives; providing support services through identified 'Centres of competence'; promoting effective co-coordinating structures (e.g., unions and federations) and establishing and maintaining challenge fund mechanisms, for 'services', 'innovation', and 'training'. These funds are accessible through a competitive demand-driven mechanism and a transparent selection of the best proposals.

Coop<sup>AFRICA</sup> and its network of 'Centres of competence' provide different types of services: policy and legal advice; studies and publications; training and education; support to field projects; development or adaptation of didactical and methodological material; networking; advocacy; and promotion of innovative cooperative ventures among others.

Coop<sup>AFRICA</sup> is located in the ILO Office for Kenya, Somalia, Tanzania and Uganda, and is part of the Cooperative Programme (EMP/COOP) of the Job Creation and Enterprise Development Department of the ILO. The programme works in partnership with the International Cooperative Alliance (ICA), the UK Cooperative College, the Committee for the Promotion and Advancement of Cooperatives (COPAC), the International Trade Union Confederation (ITUC-Africa), the International Organisation of Employers (IOE) and the African Union Secretariat. Coop<sup>AFRICA</sup> is a multi-donors programme primarily supported by the UK Department for International Development (DfID). It also receives support from the Swedish International Development Cooperation Agency (Sida), the Government of Finland, the Arab Gulf Programme for United Nations Development Organizations (AGFUND) and the German Cooperative and Raiffeisen Confederation (DGRV).

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Ignace Pollet

**2009**

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Coop<sup>AFRICA</sup>  
Cooperative Facility for Africa  
ILO Office for Kenya, Somalia,  
Tanzania and Uganda  
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## List of acronyms

ACCOSCA	African Confederation of Cooperative Saving and Credit Associations
ACDI/VOCA	Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance
AFD	Agence Française de Développement
ASA	Association for Social Advancement (Bangladesh)
ASSP	Agricultural Services Support Programme (Zanzibar)
AusAID	Australian Agency for International Development
BEEP	Biodiversity Environment Education Project (Tanzania)
BTC	Belgian Technical Cooperation
CCA	Canadian Co-operative Association
CESTRAR	Centrale des Syndicats des Travailleurs au Rwanda
CIC	Cooperative Insurance Company (Kenya)
CICM	Centre International du Crédit Mutuel (France)
COADY	St Francis Xavier University International Institute
COTRAF	Congrès du Travail et de la Fraternité
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DGRV	Deutscher Genossenschafts- und Raiffeisenverband
DID	Développement International Desjardin (Canada)
EEP	Enabling Environment Project
FAO	Food and Agriculture Organization
FCA	Federal Cooperative Agency (Ethiopia)
GTZ	Gesellschaft für Technische Zusammenarbeit (Germany)
HIVA	Higher Institute for Labour Studies (Belgium)
Ferwacothé	Federation of Rwandan Tea Cooperatives
Fucorirwa	Federation of Rwandan Rice Cooperatives
ICCDE	Institute for Continuing Cooperative Development and Education (Tanzania)
IFAD	International Fund for Agriculture Development
IFPRI	International Food Policy Research Institute
ICA	International Co-operative Alliance
ILO	International Labour Organization
IRU	International Raiffeisen Union
ITUC	International Trade Union Confederation
JICA	Japan International Cooperation Agency
IWACU	Centre de Formation et de Recherches Coopératives (Rwanda)
KNFC	Kenya National Federation of Cooperatives
KUSCCO	Kenya Union of Saving and Credit Cooperatives
LCH	Lesotho Cooperative Handicrafts
LHM	Lesotho Handspun Mohair
LWR	Lutheran World Relief
MACEMP	Marine and Coastal Environment Management Project (Zanzibar)

MFI	Micro-Finance Institution
MUCCOBS	Moshi University College of Cooperative and Business Studies
NACHU	National Cooperatives Housing Union (Kenya)
NEPAD	New Partnership for Africa's Development
NORAD	Norwegian Department for Development Cooperation
NZAID	New Zealand's Agency for International Aid and Development
OCDC	US Overseas Cooperative Development Council
PADEP	Participatory Agricultural Development (Zanzibar)
PASDEP	Plan for Accelerated and Sustained Development to End Poverty (Ethiopia)
PPPMER	Project de Promotion des Petites et Micro Enterprises Rurales (Rwanda)
RUFIP	Rural Finance Intermediation Programme (Ethiopia)
SASCCO	Swaziland Association of Savings and Credit Cooperatives
SACCO	Saving and Credit Cooperative
SCC	Swedish Cooperative Centre
Sida	Swedish International Development Agency
SIDO	Small Industries Development Organization (Tanzania)
TFC	Tanzania Federation of Cooperatives
TTCA	Tanzania Tobacco Cooperative Apex
UCA	Uganda Cooperative Alliance
UGAMA-CSC	Centre de Service aux Coopératives (Rwanda)
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WFP	World Food Program
WOCCU	World Council of Credit Unions
ZCF	Zambia Cooperative Federation



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HIVA also thanks the staff of the EMP/COOP at the ILO in Geneva, the staff of Coop<sup>AFRICA</sup> at the ILO Office for Kenya, Somalia, Tanzania and Uganda, and the working paper reviewers for facilitating the execution and publication of this baseline study. In particular, comments, suggestions and other inputs provided by Emma Allen, Maria-Elena Chavez, Hagen Henry, Elizabeth Mwakalinga, Jurgen Schwettmann, Carlien van Empel, Philippe Vanhuynegem and Fredrick Wanyama are gratefully acknowledged.

## **About the author**

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## Executive summary

The Cooperative Facility for Africa, known as Coop<sup>AFRICA</sup> is a regional technical cooperation programme of the International Labour Organization (ILO), operating over a four year period, between 2007 and 2010. In order to assess the impact of this programme, the ILO has commissioned Hoger Instituut voor de Arbeid (HIVA, Belgium) to carry out a baseline study on the cooperative movement in nine countries across Southern and Eastern Africa, namely: Botswana, Ethiopia, Kenya, Lesotho, Rwanda, Swaziland, Tanzania (including Zanzibar), Uganda and Zambia. On the basis of data and evidence gathered from key-informants and secondary sources, the study has six key focus areas:

- extent of cooperatives: number of primary cooperatives and people covered;
- institutions servicing cooperatives: confederations, federations, unions and support institutions;
- cooperative education: cooperative colleges and training systems;
- government involvement: legislation, policy and monitoring;
- donor involvement;
- significance of cooperatives: employment, social protection, voice and other issues.

Cooperative presence in each of the above mentioned countries was found to be significant, though poorly documented. Earlier findings (Develtere, Pollet & Wanyama, 2008), which indicated that approximately seven per cent of the African population have an affiliation to primary cooperatives, have been confirmed by data collected in this study. The tendency appears to trend upward, with most countries included in this study having hundreds of new cooperatives registered every year. This increase is largely due to expansion of Savings and Credit Cooperatives (SACCOs), which now tends to make a larger proportion of the cooperative movement than it has in previous years. However, the percentage of dormant cooperatives varies from 20 to 80 per cent. This is because the cooperative regulatory systems in the countries researched lack an effective mechanism for deregistration.

The reconstruction and maintenance of the cooperative movement's structure presents a challenge in Africa. To illustrate, functional confederations were found to be present in only two of the nine countries (Tanzania and Uganda). It was also found that confederations often struggle with recognition and legitimacy (from government as well as affiliates), financial soundness and organizational stability. Federative structures, often organized by economic sector, seem to be stronger organizations. Cooperative colleges are government-owned and cater for school-leavers (having finished secondary education), as well as government cooperative department staff. Availability of training for members and staff of primary cooperatives is restricted and is usually provided during a short instructive session by department staff when cooperatives are registered.

Many governments have adopted a pro-cooperative attitude, mirrored in updated legislation and functioning cooperative departments. In some cases, the regulating policy may be felt as meddlesome by certain cooperative movements. While in other cases, the government is trying to restore the movement's institutions. Cooperative movements, as well as selected cooperatives, have benefited from donor programmes. Different types of donors have been prominent, including northern cooperative movement agencies, bilateral agencies, UN-agencies and some NGOs. Most programmes seek to enhance institutional strength, value chain monitoring, rural access to finance and training in governance.

In most countries, between 0.5 per cent and 1.3 per cent of the total labour force derives their employment from the presence of cooperatives. Beyond the employment and the income that cooperatives generate, their social impact is rather limited. However, it is noted that SACCOs provide access to finance and other enabling services to their members. Due to lack of effective representation systems, cooperatives are not as involved in government policy as much as they could be. In the countries studied, cooperatives do not as yet provide additional systems of social protection (other than traditional in-group mutual support), nor do they bring about a voice on behalf of their constituency. Likewise, cooperatives are mostly not yet equipped to serve as a vehicle for life quality campaigns, such as gender equality, environmental awareness or HIV/AIDS prevention. However, it is important to emphasize that the state of cooperative development differs considerably by country. For example, in Kenya the cooperative system is providing members with comparatively more social protection services and 'voice' than other countries that were studied.



## 1. Introduction

### 1.1 *The Cooperative facility for Africa*

Launched on 2nd October 2007, the *Cooperative Facility for Africa* (Coop<sup>AFRICA</sup>) is a regional technical cooperation programme of the Cooperative Programme of the ILO (EMP/COOP), decentralized to the ILO Office for Kenya, Somalia, Tanzania and Uganda. The Coop<sup>AFRICA</sup> programme is based on ILO research presented in the publication titled ‘*Cooperating out of poverty. The Renaissance of the African cooperative movement*’ (Develtere, Pollet & Wanyama, 2008). The research undertaken revealed that cooperatives in Africa are about to enter a phase of “renaissance”, but need a favourable legal and institutional environment, greater visibility, a stronger voice, further diversification, improved governance, better management, solid horizontal networks and strong vertical structures, in order to make this a reality.

Based on these findings, and with funding from the UK Department for International Development (DfID), among others, the Coop<sup>AFRICA</sup> programme was launched. Coop<sup>AFRICA</sup> pursues the overarching goal of mobilizing the cooperative self-help mechanism in order to improve the governance, efficiency and performance of cooperatives, so that they may strengthen their capacity to create jobs, access markets, generate income, reduce poverty, provide social protection and give people a voice in society. Coop<sup>AFRICA</sup> builds on the evidence that cooperatives in Africa have the potential to address a number of problems, in particular:

- lack of decent work in the urban informal economy;
- poor access to global, regional and national markets for small producers (particularly farmers);
- lack of social protection for vulnerable groups.

Coop<sup>AFRICA</sup> supports the cooperative movement in Africa through the following key elements:

- establishing an enabling legal and policy environment;
- support services through centers of competence;
- promotion of effective coordinating structures;
- the ‘Challenge Fund’ for innovative cooperative ventures, training and services.

To multiply and strengthen its effectiveness, Coop<sup>AFRICA</sup> focuses on a group of core countries,<sup>1</sup> pilots new tools and promotes knowledge sharing. Coop<sup>AFRICA</sup> adopts a participatory model and seeks to develop its services through supply driven and a demand driven approach (Challenge Fund). Coop<sup>AFRICA</sup> also provides support and advice to international multi-lateral and bi-lateral development partners working in Africa.

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<sup>1</sup> Ethiopia, Kenya, Tanzania, Uganda, Rwanda, Zambia, Botswana, Lesotho and Swaziland.

## 1.2 *Baseline study: set-up, design and methodology*

Within the overall aim of providing evidence-based assessment of the impact its interventions, the Higher Institute of Labour Studies (HIVA), of the University of Leuven in Belgium has been contracted by Coop<sup>AFRICA</sup> to develop and implement an impact assessment methodology. This baseline study is an element of this impact assessment methodology and forms the basis for a longitudinal assessment to be completed in 2011.

The methodology of the baseline study builds on the study of cooperatives undertaken in Africa during 2005 (Develtere, Pollet & Wanyama, 2008). The baseline study is to provide indications on the state of the cooperative movement in the nine participating countries across three levels, namely:

- macro-level (political situation and legislation);
- meso-level (vertical/horizontal structures of cooperatives, cooperative support organizations);
- micro-level (primary cooperatives).

HIVA was to direct the baseline study and to select local consultants to carry out research in their respective countries. It was emphasized that each national survey should provide information that was relevant for the national context; it was also emphasized that the information provided by the national surveys be comparable. Therefore, HIVA produced a *methodological guide* and organized an interactive briefing for local consultants that culminated in a workshop held at Coop<sup>AFRICA</sup>'s premises in Dar-es-Salaam (September 2008). The methodological guide holds a long-list of parameters (elaborated through questions and sub-questions) to be investigated during data collection, as well as the methods to gather this information. By *documentary study*, the local consultants were to make themselves acquainted with the world of cooperatives in general and with the cooperative structures in their focus country in particular. Subsequently, the *field work* consisted of a series of semi-structured interviews with the representative bodies of cooperatives, cooperative colleges, government departments associated with cooperative matters, donors working with cooperatives, UN agencies working (directly/indirectly) with cooperatives and specialized academics. The field work also included a visit to one or two primary cooperatives, selected purposively according to relevance and availability. On the basis of these interviews and analysis of documentation, each local consultant compiled a 'country fact sheet', which was reviewed by an identified expert. The fact sheets were also sent to HIVA for additional review.

## 1.3 *Guide to this document*

The analysis of the nine fact sheets, plus additional research, has been used to produce this document. It was converted into a working paper after a thorough review process, literature review and an inventory of the cooperative policy of significant international institutions (such as World Bank, UNDP, African Union

and NEPAD, among others). However, the main objective is to present relevant and comparable data – quantitative as well as qualitative - on the current situation of cooperatives in Africa. In the future this data will be used as a benchmark for further analytical impact analysis, and therefore highlights the need for use of valid and reliable source data. In practice, this means that sources have to be traceable and that the degree of reliability of figures or assessments has to be mentioned.

The analysis undertaken to produce this working paper is presented in eight sections. Section one provided an orientation to the study and outlined the methodology. Section two looks at the extent of cooperatives, revealing facts and figures on the number of cooperatives,<sup>2</sup> the number of people covered by cooperatives, the types of cooperatives and the newly registered cooperatives. Section three is dedicated to the structure, the legitimacy and the functioning of the cooperative movement. It presents information on confederations, the sectoral (trade-related) federations and other support institutions. Section four is dedicated to the cooperative training and education system, considering its institutes (colleges and others), the quality of these institutions and the student enrolment. Section five looks at the government involvement in cooperatives through legislation, policy and the functioning of institutional support (departments). Section six goes into the presence, the type and the involvement of donors and international agencies. Section seven assesses the significance of cooperatives, considering employment, social protection and voicing; innovativeness and vibrancy of cooperatives; and involvement of cooperatives in programmes regarding gender equality, environmental protection and HIV/AIDS campaigns. A concluding section rounds up the most remarkable findings, highlighting points for further development. Strategic recommendations are provided to direct a way forward. Tables and figures have been provided where possible.

## **2. Extent of the cooperative movement**

This section measures the significance of cooperatives in quantitative terms. It includes the number of primary cooperatives and the number of cooperative members. Also considered are the sectors or trades in which cooperatives are predominant at present.

### *2.1 The number of cooperatives*

The figures in Table 1 provide a synthesis of the nine countries that were considered in the baseline studies. The figures illustrate the extent of cooperatives as of 2008. Comparison with earlier figures demonstrates that cooperatives are expanding. The increase is particularly strong in the a-typical countries in the list: Ethiopia and Rwanda.<sup>3</sup>

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<sup>2</sup> When we speak about cooperatives (further in the text), we refer to primary cooperatives, also known as primary societies, cooperative societies, among others. The term ‘co-operatives’ (hyphenated) is only used when it is part of a title or a quote.

<sup>3</sup> As Ethiopia and Rwanda have not been colonized by the British, they do not feature the tradition of the unified cooperative model. See ‘*Cooperating out of poverty. The Renaissance of the African cooperative movement*’ (Develtere, Pollet & Wanyama, 2008).

**Table 1: Cooperative summary statistics, 2008**

Country	No. of registered cooperatives (2005)	No. of registered cooperatives (2008)	Newly registered cooperatives	Estimate of active cooperatives
Botswana	N/A	166	2002 - 2008: 20	Unknown
Ethiopia	14400	24167	2005 - 2008: 9767	Unknown
Kenya	10640	11635	2006: 303 2007: 366	50-70 per cent (estimate)
Lesotho	N/A	1900 (estimate)	N/A	50 per cent (estimate)
Rwanda	N/A	2500	2005 - 2008: 2015	1500 legalized
Swaziland	N/A	176	2006 - 2008: 4	108 active
Tanzania	5730	8597	2006: 127 2007: 1442	80 per cent (estimate)
Uganda	7476	10641	2006: 533 2007: 580	20.5 per cent (extrapolation)
Zambia	N/A	16133	2006: 963 2007: 1274	12 per cent (extrapolation)
Zanzibar	N/A	4751	2007: 322	50 per cent (estimate)

Source: Authors' own figures based upon fact sheets prepared by local consultants from the mentioned nine countries.

Registration of cooperatives is one of the few available sources that can be used to appraise the dimension and extent of cooperative enterprise. However, the reliability and validity of the data is highly questionable, as the countries involved in this study do not apply an institutional mechanism to deregister dormant or defunct cooperatives. In order to overcome this limitation, a policy regarding submission of the report or the minutes of the Annual General Meeting could be adopted. The cooperative departments of Botswana and Lesotho show intentions to endorse this practice.

Only in Swaziland (due to the smaller scale of the cooperative movement in the country), can the number of active cooperatives be counted, as they are known by the registrar. The other countries can only provide estimates, often suggesting that between 50 to 70 per cent of registered cooperatives are active. However, this may be a gross overestimation, especially when considering results from the two countries (Uganda and Zambia) that undertook a sample survey in one district or province, which indicate that in Uganda only 20 per cent and in Zambia only 12 per cent of the registered cooperatives are active and functional.



Comparison with the 2005 figures<sup>4</sup> (where available) indicates that the number of cooperatives are nevertheless increasing. This is also confirmed by interviews undertaken by the local consultants in their respective countries. Notable increases are usually related to national policy reforms or the strengthening of representative structures. For instance, the strong promotional work undertaken by the Cooperative Department in Tanzania and the Federal Cooperative Agency (FCA) in Ethiopia, as well as the success of the fertilizer programme in Zambia (requiring farmers to form cooperatives to be supplied), have created conditions favourable to formation of cooperatives.

## 2.2 The total membership of cooperatives

The number of cooperative members or people under cooperatives gives also a good indication of the extent of cooperatives in a country (see Table 2).

**Table 2: Cooperative membership<sup>5</sup>**

Country	Number of cooperative members (2008)	Number of cooperative members (2005)
Botswana	82000	N/A
Ethiopia	4,668,564	4,230,000
Kenya	8,507,000	3,370,000 <sup>6</sup>
Lesotho	Unknown	N/A
Rwanda	310218	N/A
Swaziland	42900	N/A
Tanzania	1,600,000	600000
Uganda	1,200,000 (Min. of Trade) 3,900,000 (Min. of Agric.)	323000
Zambia	199694	N/A
Zanzibar	83734	N/A

Sources: Cooperative Commissioners and relevant Ministries in the countries mentioned for the 2008 figures; Develtere & Pollet (2008) for the 2005 figures.

Alternative sources of aggregate information on cooperative membership does not exist in Africa, therefore it is difficult to check the reliability/validity of the data. The figure for Kenya, if correct, would imply that approximately 23 per cent of the population (children and young people included) would belong to a cooperative.

<sup>4</sup> The '2005 figures' refer to the research done by HIVA and commissioned by DFID & ILO in 2005. This research (consisting of 15 rapid appraisals and 11 thorough country studies) preceded the decision to create a cooperative facility in Africa, which materialized with the launch of *Coop<sup>AFRICA</sup>*. Cfr. table 2.2 in: Develtere P., Pollet I. & Wanyama F. (2008, editors), *Cooperating out of Poverty. The renaissance of the African cooperative movement*, ILO - World Bank Institute, Geneva.

<sup>5</sup> Annex I lists these figures together with population and labour force statistics by country.

<sup>6</sup> The current study on Kenya (Wanyama, 2009) states a different figure for 2005, namely 6,714,000 members.

The high figures for Kenya (both in absolute numbers and percentages of the population) may be explained by the fact that many Kenyans belong to more than one cooperative. Further different people from the same household are in some cases counted as separate members. There could also be a negligence of subtracting (or discounting) cooperatives that are no longer active. Most of the figures given in the table are official, as they come from the Cooperative Commissioner (head of Department of Cooperatives) or from the Ministry in charge of cooperatives. Either they are based upon official recordings of the registered cooperatives or upon estimated average numbers of members per registered cooperative. The two figures for Uganda come from different Ministries: the Ministry of Trade where the Cooperative Commissioner is situated, and the Ministry of Agriculture. In Zambia, an extrapolation of a provincial survey indicated that the 12 per cent of active cooperatives would have approximately 98,041 members. As the data for Zambia is based on survey data, these figures may feature a higher degree of reliability.

In 2005, Develtere & Pollet (2008) calculated the average penetration rate of cooperatives in Africa to be seven per cent – that is the percentage of the total population said to be member of a cooperative. Revised estimates derived from data collected during the current studies suggest that this figure would be 7.7 per cent in 2008. However, there are questions in regard to the validity/reliability of these estimations. First, the 2005 study was based upon 11 countries, while the 2008 baseline study is based upon nine countries. The two studies have only four countries in common and within those four countries the data that was available in 2005 has subsequently been revised. Second and more importantly, consultants had to rely solely on figures reported to them by government registrations or estimates that had been derived. In some cases (e.g. Kenya and Ethiopia), it is clear that the actual members are not given, rather the total population belonging to the members' households has been used. In other cases (e.g. Tanzania), only the actual members (that is, one per household) have been counted. This ambiguity has contaminated both the 2005 study and the present 2008 study, and constrained the presentation of unequivocal figures.

In spite of this ambiguity and of the unknown character of active/dormant cooperatives, it has been confirmed from all sides that both the total membership and the percentage of the population covered by cooperatives is on the rise. Given this optimistic trend, the question remains how active these cooperatives are and what their significance is.

### 2.3 *Activities by economic sector*

The two main types of cooperatives found the countries studied include:

- agricultural cooperatives (jointly purchasing of inputs, stocking up, transporting, marketing or selling, or a combination of those – hence sometimes called multipurpose cooperatives, rural cooperatives and marketing cooperatives, among others);
- Saving and credit cooperatives (SACCOs).

The differences between countries may be significant, but in general agricultural cooperatives are the most prevalent (40 to 60 per cent of all cooperatives), with SACCOs as a good second (30 to 50 per cent). Other types of cooperatives include housing cooperatives, consumer cooperatives and handicraft cooperatives.

SACCOs usually cater for a more diverse general public and therefore have more stable representative bodies than other sectors of the economy where cooperatives are found. The extent of SACCOs in the countries studied is presented in Table 3 below.

**Table 3: Savings and Credit Cooperative (SACCO) presence and significance**

Country	Number of SACCOs (2008)	Percentage of coops which are SACCOs	Population under SACCOs
Botswana	52	31.3	N/A
Ethiopia	6236	25.8	N/A
Kenya	5122	44.0	6,286,894
Lesotho	N/A	N/A	N/A
Rwanda	175	7.0	N/A
Swaziland	69	39.2	38802
Tanzania	4780	55.6	764,602
Uganda	1513	14.2	644300
Zambia	N/A	N/A	N/A
Zanzibar	385	8.1	N/A

Source: authors' own figure (relevant Ministries in the countries mentioned).

The World Council of Credit Unions (WOCCU) has also been collecting data from SACCOs since the 1970s. Annex I displays WOCCU figures of 2007 for a selected number of African countries, which confirm data presented in the above table. Longitudinal data from WOCCU (Also in Annex I) also shows that the popularity of SACCOs is on the rise. Other sources underline the increasing importance of SACCOs, not only in quantitative terms, but also in qualitative terms. For instance, the 2008 World Bank World Development Report highlighted that the success of financial cooperatives in bringing profitable financial services to rural areas was closely related to a network approach and a regulatory framework (World Bank, 2008; Nair and Kloeppinger-Todd, 2007). The case of Burkina Faso's *Caisses Populaires* demonstrates the advantages of operating through a cooperative network, attributing SACCOs with the following benefits:

- opportunity for replication and duplication across space;
- member-based ownership, which emphasizes a bottom-up approach;
- mutual support between 'caisses';
- availability of a broader range of financial products (Aeschliman, 2007).

In a similar study in Kenya, the performance of a ‘champion’ such as the Cooperative Bank of Kenya proved crucial for advancing financial cooperatives. However, at the same time it was noted that the absence of a regulatory framework and competition from micro-finance institutions (MFIs) and ordinary banks, which all try to reach middle and lower income groups, deeply affects cooperative financial institutions (Owen, 2007). Nevertheless, cooperative financial institutions still seem to have a comparative advantage, due to their member driven origins that emphasize connection and access to local communities. For instance, a study by WOCCU found that half of all the credit union members in Kenya, Rwanda and Columbia received incomes that placed them below their respective national poverty lines (Grell & Klaehn, 2007).

In Africa the cooperative model has been used in many sectors. For instance, the Government of Benin set-up cooperative health clinics in disadvantaged areas in order to address gaps in service provision due to the absence of public hospitals. This initiative also helped to overcome problems associated with poorly-regulated private clinics. The government’s role was three-fold:

- to establish the legal framework for a public-private cooperative partnership;
- to mediate with health professionals;
- to sign specific agreements with the World Health Organization (WHO) and United Nations Development Programme (UNDP).

Fifteen years after their inauguration, the assessment of these cooperative clinics reveals that the entrepreneurial spirit is still abundant. Meanwhile in Mali, following the Bamako Initiative (1991), a similar system was established through ‘ASACOs’, which are Community Health Associations. While ASACOs are not registered as cooperatives, they are guided by principles similar to those of cooperatives. Approximately 850 ASACOs in Mali are user-owned and provide health services to approximately ten percent of the population (Girard & Bussiere, 2007; Girard & Larouche, 2007).<sup>7</sup>

In most countries, the number of pre-cooperatives or cooperative-like organizations<sup>8</sup> is unknown. It is also quite difficult to determine when an organization could be determined to be a pre-cooperative. This could be a temporary villagers group or a

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<sup>7</sup> These and other case studies are described at [http://www.usherbrooke.ca/irecus/centre\\_documentation/coop\\_sante.html](http://www.usherbrooke.ca/irecus/centre_documentation/coop_sante.html)

<sup>8</sup> The term pre-cooperative refers to organizations which have cooperative characteristics in terms of membership and shareholder structure but are yet to go through a registration procedure in order to become a legal cooperative. Coop-like organizations refer to group-based organizations with a non-for-profit economic purpose, including many variants on self-help organizations, community-based organizations and micro-finance institutions. Different from pre-cooperatives, these organizations do not have the intention to become registered cooperatives, although – notably more so in the francophone countries – they are perceived as belonging to the cooperative movement. Develtere et al. (2008, p.51) highlight a gradual blending of cooperatives and other economically active group-based organization.

community based organization (CBO). Many such organizations can be found all over Africa. Indeed, 300,000 CBOs are estimated to exist in Kenya alone. In Rwanda approximately 10,038 organizations are recognized by the district authorities as pre-cooperatives. In Lesotho, 79 groups are considered to be in the phase of pre-registration; that is, about to become a cooperative. While in Swaziland there are at present 834 'cooperative-like' organizations.

### **3. The cooperative movement**

The cooperative movement of a country is usually made visible by its confederation, federations or apex-body,<sup>9</sup> its support structures and the promotional institution of cooperatives in related government policy domains. For the nine countries under review, it was found that though there is considerable diversity in the institutional landscapes of cooperative movements, there is also considerable continuity as many cooperatives have no lead organization.

Kenya, Tanzania, Uganda and Zambia, as former British colonies, use the unified model with a four-tier structure: confederation, federations (national activity/sector based apexes), cooperative local unions (secondary cooperatives) and primary cooperatives. In Zanzibar, due to the size and developmental progress of the cooperative movement, only three tiers exist. In Lesotho and Swaziland, there are two tiers (primary cooperatives and sector federations). In these two countries not all primary cooperatives are members of a federation. An institutional crisis reduced the Botswana cooperative movement to just one tier, plus the government's cooperative department. Ethiopia has a loosely structured two-tier system (primary cooperatives and local unions), whereas Rwanda's two-tier system has primary cooperatives and professional federations. In the latter two countries, the cooperative movements have been submerged in dramatic events from which they are now recovering, i.e. the Derg-regime in Ethiopia and the civil war in Rwanda.

Confederations found to be functioning and recognized include the Tanzania Federation of Cooperatives (TFC) and Uganda Cooperative Alliance (UCA). In Kenya, the Kenya National Federation of Cooperatives (KNFC) is still recovering from a period of mismanagement, during which it lost many of its members, assets and credibility. The Zanzibari CUZA provides only limited services to cooperatives, many of which are no longer members. In Zambia, the Zambia Cooperative Federation (ZCF) has been disempowered by the government and it lacks the means to represent the movement and to engage in policy-dialogue. In Botswana, Lesotho and Swaziland, the once existing confederations have been abolished due

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<sup>9</sup> Without aiming to stir up a semantic discussion, we consider as a cooperative apex or apex-body the organization to be a gathering that represents the cooperatives at country level. An apex is expected to provide services to its member-organizations, to represent their interest and to be the institution which will be addressed by the government or by other stakeholders. Depending on the form chosen, either primary or secondary cooperatives may be members of the apex. The apex thus functions as an all-covering umbrella. In practice however, it may occur that not all cooperatives recognize the apex. Adding to the confusion, an apex will mostly be called federation or confederation.

their malfunctioning. In Ethiopia and Rwanda, which have a different cooperative tradition, the government is currently fulfilling the representative role and it is uncertain when and whether an independent confederation will emerge.

Confederations can no longer be financed through subscription fees or from government subsidies.<sup>10</sup> Therefore, they only seem to be sustainable when they can find alternative financing, including building, equipment or vehicle rental, or fee-based services. As their annual income can prove to be volatile, the number of staff is also likely to fluctuate. This further discounts the stability of the organization. It has been observed that a ‘vicious circle’ scenario can occur when staff members that are anticipating dismissal due to shortage of funds, start spending much time on their own careers. This leads to diminished commitment, rapid staff turnover and loss of institutional memory. Eventually the overall performance of the representative body declines, making internal/external funding even less likely. In spite of the confederations’ dominant role in advocacy, networking and increasing visibility, these activities have not always received strong focus from such institutions. Indeed at times these roles have been outright neglected. TFC and UCA are the exceptions. Some confederations see themselves as having a role in terms of training, but in many cases this has not been articulated or coordinated with the training activities provided by cooperative colleges or the commissioner’s extension workers. The waning role of African cooperative confederation organizations was also mentioned in the recent study on cooperative colleges in Africa (UK Co-operative College, 2009).

SACCO federations exist in seven of the nine countries – Ethiopia and Rwanda have not developed such structures as yet. Ethiopia does not have cooperative apexes at all, while in Rwanda the Union de Banques Populaires shifted from a cooperative to a limited liability society.<sup>11</sup> With the exception of the federations in Zambia and Botswana, it was found that the existing SACCO apexes have been performing quite well. They are recognized by the government and the SACCOs themselves;<sup>12</sup> they have a substantial membership portfolio, network and staff. Ties with the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA), which is the continental apex as well as with regional apexes are often mentioned. This however does not count for much as ACCOSCA was dissolved some 15 years ago.

Other activity-based federations are prominent. Important ones in Kenya are the Cooperative Insurance Company (CIC) and National Cooperative Housing Union (NACHU). Others are the Tanzania Tobacco Cooperative Apex (TTCA), the Lesotho Cooperative Handicrafts (LCH), Lesotho Handspun Mohair (LHM) and recently also the Federation of Rwandan Tea Cooperatives (Ferwacothé) and the Federation of Rwandan Rice Cooperatives (Fucorirwa). In Rwanda trade unions,

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<sup>10</sup> In different cases, it has been shown that the government – already struggling to finance its own budget – is quite reluctant to subsidize civil society institutions in general.

<sup>11</sup> A limited liability company is a legal business form well-suited for businesses with a single owner.

<sup>12</sup> Still it should be mentioned that cases exist where SACCOs, out of discontent with existing structures, organize themselves under a different apex (e.g. Dunduliza in Tanzania). The registrar however does not recognize any apex other than SCCULT and prevents Dunduliza from registering as a SACCO Union.

such as Centrale des Syndicats des Travailleurs au Rwanda (CESTRAR) and Congrès du Travail et de la Fraternité (COTRAF), as well as some donor-sponsored local non-government organizations (NGOs) are providing direct support to cooperatives. However, local cooperative unions are often poorly equipped and left without financial or human resources. As they do not have many services to offer, they remain largely invisible.

#### **4. Cooperative education**

As cooperation requires cooperative members and staff, as well as government department staff to be aware and informed about procedures, policy and norms, a proper training system should be in place. The quality of this system is indicated by its curriculum, its stability, its staff and its enrolment (i. e. both the number and the type of trainees or students).

Cooperative training is offered by cooperative colleges in six of the nine countries (Kenya, Tanzania, Uganda, Zambia, Lesotho and Swaziland). Most of these institutes were founded before or just after independence, and have been a part of the cooperative movement in these countries. However, over the years their ownership has fallen under the ambit of a government ministry (either education or agriculture). The Tanzanian Cooperative College was converted into a university college and is now known as the Moshi University College of Cooperative and Business Studies (MUCCoBS). The Kenyan Cooperative College is now affiliated to Jomo Kenyatta University. In Ethiopia, the role of cooperative college is assumed by a number of universities and vocational colleges (Harayama, Hawassa, Mekelle and Ambo). In Botswana, a division of the Cooperative Department organizes training courses. In Rwanda, cooperative training is mainly administered through a donor funded NGO called IWACU, although organizations such as PPPMER and Ugama-CSC are also offering training programmes.<sup>13</sup> It is likely that IWACU will become a partner of the governmental Task Force for Cooperatives.

In terms of levels and subjects, the curricula feature a wide variety. Postgraduate degrees are offered in Tanzania, master degrees in Ethiopia and bachelor degrees in Kenya. Diploma courses (predominately 2 year courses) and certificate level courses (mostly one year) are on offer in most places. Only Botswana has limited offers of short-term and elementary courses (ranging from one week to several months; requiring a 5<sup>th</sup> form entry level). The Rwandan Centre de Formation et de Recherches Coopératives – locally called the IWACU Centre - has 44 modules for its trainees that can be tailored to needs. Non-academic courses - may involve full-time attendance and they can be organized through distance learning or weekend courses in a tailored fashion. Most colleges also offer tailor-made courses. Cooperative management, accounting and marketing are the recurrent subjects at all levels in all countries. Subjects gaining increasing popularity include:<sup>14</sup>

<sup>13</sup> IWACU is Centre de Formation et de Recherches Coopératives; PPPMER is Projet de Promotion des Petites et Micro Entreprises Rurales; Ugama-CSC is the Centre de Service aux Coopératives.

<sup>14</sup> This list is non-limitative and picks up subjects criss-cross from the different curricula.



- community development;
- SACCO management (at postgraduate level);
- human resource management (at masters level);
- procurement and supply management (at bachelor level);
- cooperative legislation;
- cooperative banking;
- statistics;
- computer operating;
- agriculture marketing (at diploma or certificate level);
- participatory approach;
- gender (tailor made courses).

In Tanzania, the Moshi University College of Cooperative and Business Studies (MUCCoBS) caters for full time students, while the Institute for Continuing Cooperative Development and Education (ICCDE) has short courses, specifically for development of cooperative members. In Zanzibar, it is the Department staff rather than cooperative members that follow courses at ICCDE. Field studies (e.g. Zambia Cooperative College) and courses on location (e.g. Swaziland) are also organized. The significance of the college's role could be indicated by the number (and composition) of staff, as well as the enrolment (see Table 4).

**Table 4: Status of cooperative colleges**

Country	Institution	Staff	Enrolment in 2008
Botswana	CODEC	28 (5 lecturers)	134 (school year 2007-8)
Ethiopia	4 academic, 3 vocational coop courses (different institutes)	70 (lecturers)	779 (academic level) 255 (vocational level)
Kenya	College	105 (65 lecturers)	750
Lesotho	College	40 (10 lecturers)	34
Rwanda	IWACU	3 organizers (as lecturers are outsourced)	1510
Swaziland	college	49 (7 lecturers)	31
Tanzania / Zanzibar	College (acad.) + ICCDE	380 (100 lecturers) ICCDE: 32 lecturers	395 (acad. in 2007) 646 (staff trainees in 2007)
Uganda	College	20 (lecturers)	352
Zambia	College	23 (16 lecturers)	155

Source: Authors' own figures, based upon fact sheets prepared by local consultants from the mentioned nine countries.

The number of students tends to vary over the years. For example, in 2007 the Cooperative College of Swaziland catered for 25 full-time students, 10 part-time



students, 25 trainees in short courses and 46 trainees in ‘outreach’ courses (that is, locally organized). As colleges are owned by the government, staff stability has reportedly been good, as the jobs are not directly dependant on the enrolment figures. The outlying case in this respect is Rwanda, where the IWACU Centre has seen four staff leaving during the last three years. The training programmes in Rwanda are not to be compared with the other countries, as they are typically short training courses, organized by NGOs with high outreach figures. Specialized NGOs, such as the IWACU Centre, PPPMER and Ugama-CSC, claim to have trained many thousands of cooperative members during the last three years. In a number of countries, lecturing and executive staff are heavily outnumbered by support staff, which raises questions about the degree of efficiency in the organization of the educative system.

The students of cooperative colleges are mostly not cooperative members. They are secondary school leavers and also (particularly in Ethiopia, Zambia and Botswana) staff of the department of cooperatives. This has also been remarked in the recent study on African cooperative colleges, carried out by the UK Co-operative College (UK Co-operative College, 2009).

The primary cooperative staff and its members receive a short on-the-spot introduction into cooperation or cooperatives by the department of cooperatives staff when their cooperative is registered. Donor and/or government-initiated programmes ensure that cooperative members are also reached by centres associated with the colleges. This is the case in Ethiopia, Kenya, Uganda and Swaziland. In Tanzania, the already mentioned ICCDE has catered for cooperative staff and members since 1964, most often through seminars and correspondence courses. In Zanzibar, the impact of the absence of a local training centre is realized in members’ poor understanding of cooperatives. A female presence among college students is evident, with between 25 to 40 per cent of students being female in Ethiopia and over 75 per cent in Swaziland.

## **5. The role of the government**

The government can limit its role to providing the legislation and the recognition (through registration) of cooperatives. A step beyond this would be that it facilitates cooperatives by organizing training, promotional campaigns and financial audits. Further still would be that the government establishes structures for cooperative representation and involves the cooperative movement in other policies.

At the other end of the spectrum, governments could opt for complete absence and deregulation. This occurred in quite a few African countries at the times of Structural Adjustment in the 1990s. However, in 2008 the government is very much present in the cooperative scene in Africa. Evidence from legislative processes, institutional embedding and cooperative policy all indicate the degree of recognition of cooperatives as a significant or potentially significant force in civil society.

Legislation under the form of Cooperative Societies Acts has been updated to accommodate the present legal and policy challenges regarding cooperatives. Recent updates happened in Ethiopia (2004), Kenya (2004), Tanzania (2003), Rwanda (2007), Zambia (1998), Lesotho (2000) and Swaziland (2003). Only in Uganda (1992), could the legislative environment be considered to be lagging. As a rule, the law typically contains the definition of a cooperative, the registration requirements and procedure, and the different rights and liabilities of the cooperative owners (members and board). Meanwhile it is fully understood that SACCOs need proper legislation for their core-activity, which involves handling people's money without being or aiming to be a commercial bank. In Kenya, a SACCO Bill has been voted as recently as 2008.

In all of the nine countries, a ministry is held responsible for the legal monitoring of cooperatives. Within the ministry there is an institutional window (usually a department) for cooperatives. Typically, the ministry concerned would be the Ministry of Agriculture. However, in Uganda and Rwanda it is the Ministry of Trade/Commerce; in Kenya it is the Ministry of Cooperative Development and Marketing; in Lesotho there is a Ministry of Cooperatives. Once inside the Ministry, the Department of Cooperatives is the focal point for cooperative development in seven of the nine countries. The exceptions are Ethiopia - with its Federal Cooperative Agency, and Rwanda - with its Rwandan Cooperative Agency. Such a department or agency is lead by a cooperative commissioner and staffed by the registrar, head office staff, decentralized office staff (province or district level) and extension workers. The number of department staff varies from 16 in Uganda to a staggering 1118 in Kenya. However, high staff turnover and high proportions of support staff have seen institutional capacity and efficiency diminish.

The official policy towards cooperatives is mostly denominated by 'creating an enabling environment'. In reality, governments tend to do more than that. An overall pro-cooperative attitude was clearly visible. For instance, governments had taken it upon themselves to promote cooperatives as a way of undertaking economic activities. Governments have also gone beyond this role in demonstrating an undeniable willingness to supervise and regulate cooperatives. There are obvious reasons for this. First, the policies of the 1990s, which left regulation and initiatives entirely to the market, quite often led to mismanagement and misconduct in cooperatives. Although the self-regulation paradigm is still evident in recent legislation, several examples show it has to some extent been abandoned in practice. Second, the governments that want to set up support programmes in the agriculture sector (such as the fertilizer programme in Zambia) need identifiable and accountable partners at the receiving end, as well as an organized network for distribution. Third, governments simply take the place and the role of defunct (if not totally absent) cooperative federations and unions.

Some examples show that interventionism can be successful, if accompanied by healthy self-criticism. For example, van Rensburg (2006) explains how the mixed results of the once introduced cooperative village banks in South Africa urged the

government to come up with a new pro-poor cooperative strategy. The key factor was not to copy the existing best practice models, such as the Association for Social Advancement (ASA) or Grameen Bank, but rather to study the community needs on the ground and to gradually establish the elements which eventually form an integrated local cooperative system. Among these elements were visible structures (storehouses), business chain (produce and market), community ownership, savings mobilization and ‘champions’ to mobilize. This case demonstrated that a contextual pro-poor approach can be most effective when it is based upon a thoughtful analysis that seeks to introduce elements over a sustained implementation process, in a way that is relevant for the eventual users.

However, it is noted that governments quite often meet their own limits when they try to regulate and stimulate cooperatives. For instance, in Kenya the department had a stake in the rapid growth of the number of cooperatives, as well as in the improved registration and sanctioning procedures. Yet, it failed to foster capitalization and scaling up of activities of cooperatives. Another shortcoming in many countries relates to separating active cooperatives from the dormant cooperatives in data sets. This severely reduces the options to measure and monitor cooperatives as a sector. The cooperative departments have not installed a mechanism for deregistration, as deregistration processes were never thought to be important by the authorities.<sup>15</sup> Some governments (e.g. Swaziland, Zambia) fell short of translating their pro-cooperative attitude into an official policy paper. Other governments (Uganda, Rwanda, and Zanzibar) have managed to articulate their pro-cooperative forces by publishing an official cooperative policy paper.

Cooperatives are mostly not involved in government policy programmes – other than programmes related to cooperative development. This may have been associated with the virtual absence of federations (defunct in most countries) or the reluctance to invite civil society actors to co-design policy lines. That said, in some countries cooperatives are invited to participate in government poverty eradication policy plans, including:

- the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) in Ethiopia;
- the Poverty Reduction Strategic Paper and ‘Prosperity For All’ paper in Uganda;
- the Vision 2020 paper in Rwanda, Tanzania and Zanzibar.

Cooperatives are generally seen as a vehicle for policy execution rather than a co-author in policy design.

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<sup>15</sup> In smaller countries like Botswana and Lesotho where the cooperative scene is ‘overseeable’, the intention of government is to use failure in reporting an Annual General Meeting as a deregistration trigger. In other countries massive ‘cooperative abolishment’ waves are known to have taken place after regime changes, e.g. in Ethiopia after the Derg.

## 6. Involvement of donors and international agencies

Donors do have a significant presence in African cooperatives. In most cases this means that the cooperative movement is directly supported, or that particular programmes are launched for cooperatives. General programmes towards the agricultural sector are launched also benefit cooperatives. Exceptions to this overall trend include Botswana and Swaziland, where donor involvement is *quasi nihil*. In Zambia, donors who were discouraged by the 1990s liberalization policies and are only now slowly re-entering the scene.

The methodological approach of this study was not exhaustive, therefore listings of donors present in the respective countries is not complete. Programmes named in the country studies are either still on-going or did occur in the very recent past (2006/07). In order to discuss donor involvement, this section makes a distinction between multilateral donors, international cooperative agencies, cooperative movements in the North, bilateral agencies, NGOs and international political institutions.

### 6.1 *Multilateral donors*

Among the multilateral donors, the International Fund for Agriculture Development (IFAD), the World Bank, the Food and Agriculture Organization (FAO), the ILO and the United Nations Development Programme (UNDP) show strong involvement.

In the country studies, IFAD came forward as the prominent donor for rural development, making financial services accessible for the rural poor, notably the Rural Financial Intermediation Programme (RUFIP) in Ethiopia and Lesotho, and comparable programmes in Kenya (IT-programme), Uganda, Zanzibar<sup>16</sup> and Rwanda. In general IFAD's programmes relate to rural development and include:

- smallholder livestock investment;
- rural finance;
- irrigation and water use;
- food security.

IFAD works with all types of agricultural producers or rural services producers, including cooperatives. Cooperatives often play key roles in IFAD-funded projects. For example, development of community centres on Rodríguez Island or the adoption of organic cultivation in São Tome and Príncipe's cocoa industries. Moreover, on the occasion of the First African Union Conference of Ministers of Agriculture (Bamako, February 2006), the Vice President of IFAD explicitly mentioned cooperatives as a target for capacity strengthening (Enweze, 2006).

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<sup>16</sup> In Zanzibar the Agricultural Services Support Programme (ASSP) is run by the government but largely funded by IFAD.

The World Bank has a number of programmes directly supporting cooperatives in Africa, which seek to introduce new concepts for development. Examples include:

- sustainable wood fuel through rural cooperatives in Tambacounda (Senegal);
- women SACCO's in Madagascar;
- women's cooperatives in Ethiopia.

The country study on Zanzibar mentions an indirect involvement of the World Bank in such government programmes as Participatory Agricultural Development (PADEP) and Marine and Coastal Environment Management Project (MACEMP). Some widely acclaimed success stories, such as the creation of the 'farmapine model' in Ghana are well documented (Yeboah, 2005).<sup>17</sup> In South Sudan, the World Bank has a programme on rural water supply and sanitation, implemented by the Ministry of Cooperatives and Rural Development in Juba. The World Bank has also carried out important studies on needs and effectiveness of pro-poor intervention, such as the studies on SACCOs in Kenya and Burkina Faso referred to in section 1.3 of this paper (Aeschliman 2007; Owen 2007). The International Food Policy Research Institute (IFPRI) has undertaken similar studies (such as Bernard, Gabre-Madhin & Tafesse, 2007).

In Tanzania, the United Nations Industrial Development Organization (UNIDO) and the East African Development Bank support cooperatives through the government-owned 'Small Industries Development Organization' (SIDO). SIDO provides training and support to Small and Medium Enterprises, including cooperatives. The initiative has also seen ICCDE staff trained on such various topics, such as microfinance (by COADY which is the St Francis Xavier University International Institute), child labour (by ILO) and competence development (by IFAD).

ILO support has also been mentioned in Ethiopia, where an ILO programme provided support for cooperative reform. In Rwanda one ILO project brought artisan workers together to start cooperatives.

Between 2004 and 2006, the ILO with International Cooperative Alliance (ICA) and International Confederation of Free trade Unions (ICFTU), promoted the SYNDICOOP programme. This programme aimed to strengthen the capacity of trade unions and cooperatives to work together to organize workers in the informal economy to improve their working conditions. It was first launched with co-funding from the Netherlands in East Africa (2004-2006) and later on replicated in South Africa with co-funding from the Flemish Regional Government.

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<sup>17</sup> The model combines the advantages of contract farming with cooperative equity in order to increase and consolidate the production volumes of pineapple growing by guaranteeing export market access, equitable prices and quality standards. Long-term monitoring of the production levels proved that the production performance of farmers affiliated was nearly twice as much compared to farmers not affiliated to the cooperative.

FAO support to cooperatives is mostly through crop-directed or value-chain programmes, as is the case in Kenya (diary cooperatives), Zambia (cassava value chains), Botswana, Ethiopia and Rwanda.

UNDP's involvement is through smaller projects directed at target groups (e.g. Women's Groups in Botswana). In Zanzibar, the World Bank runs programmes for groups of fishermen and farmers through the government, such as the Agriculture Services Support Project (ASSP). Other examples demonstrate how UNDP frequently uses cooperatives to carry out its projects. For example:

- the rural women's Dissoa Cooperative in Ivory Coast and the Plastic Co-operative Savings and Credit Society in Kenya were used to introduce waste management;
- the Sociedade Cooperativa Mbembwa Paz e Alegria in Angola (in conjunction with UN Volunteers) was used to give job-oriented training courses for disabled people.

However, in an overview article on the role of non-state actors at the occasion of the 7<sup>th</sup> Africa Governance Forum (organized by UNDP), cooperatives received little mention, aside from being one of the many types of non-state actors (Ulimwengu, 2007).

The World Food Programme (WFP) directs its policy more and more towards local procurement of food for emergency operations. A case-study on the WFP-website<sup>18</sup> explains how a Mozambican maize producer's cooperative combined purchases with training for the cooperative members in accounting and marketing. In 2008, WFP calculated that 78 percent of its purchased food was procured in 73 developing countries. The potential of cooperatives has been recognized by other international development agencies as well. For example, UN Habitat has been closely monitoring the contribution of African cooperatives to the housing sector for more than a decade.

## 6.2 *International cooperative agencies*

Of the international cooperative representative bodies, the presence of WOCCU (World Council of Credit Unions) is prominent, both as a representative and a donor. On the basis of funding from different sources, WOCCU in Kenya focuses on supporting sustainable SACCO growth, building local technical capacity to assist SACCOs and mitigating the impact of HIV/AIDS through education programmes and financial services. In Lesotho WOCCU supported a financial cooperative policy conference. WOCCU also closely monitors the activities of the SACCO cooperative movement. A survey based on interviews with 6300 walk-in members at 31 credit unions in Colombia, Kenya and Rwanda demonstrated how credit unions reach the rural poor. The research indicated that 44 per cent of the members surveyed in Kenya and 70 per cent in Rwanda were below the poverty line (Grell & Klaehn, 2007). In a more recent article, WOCCU explains its work with credit unions in Peru and Kenya

<sup>18</sup> <http://www.wfp.org/news/news-release/wfp-supporting-local-farmers-cooperative-purchasing-maize-manica> (published on 27 September 2004).

to develop sustainable models for agricultural finance that benefit both the credit unions and the value chain participants they serve (WOCCU, 2009).

ICA Africa, apart from holding its Regional Assembly meetings, organized a gender conference in Lesotho in 2007. The theme was “Promoting Gender Equality in Cooperatives to Enhance Sustainable Development”. ICA has frequently been solicited by government administrations for re-designing cooperative rules and regulations (e.g. Kenya) - although this type of activity is not always regarded as donor support. ICA Africa also implements a number of programmes to support capacity-building, advocacy and networking for cooperatives in the region.<sup>19</sup> One example is the Enabling Environment Project (EEP), funded by the Canadian Cooperative Association (CCA), which aims to improve the policy and legal environment for cooperatives’ development in Eastern, central and Southern Africa. In addition, ICA members are directly engaged in cooperative development activities in the region. A survey undertaken by Cooperatives Europe in 2008 indicates that within the ICA European region there were 311 development projects in 80 different countries with funding of at least USD \$115 million for 162 of those projects. Projects in Africa are receiving 44 per cent of the funds (Cooperatives Europe, 2008).

The International Raiffeisen Union (IRU) includes in its tasks to promote financial cooperative enterprises in the South. IRU does not have a development programme on its own but sees its role as a broker, organizing exchanges and contacts between its members.

### 6.3 *Cooperative movements from the north*

The cooperative movements from Europe and North-America also provide support. ACDI/VOCA<sup>20</sup> (USA) is involved in programmes in Kenya and Ethiopia. Some well documented examples of successful support include:

- the Pastoralist Livelihood Initiative, supporting livestock cooperatives through infrastructure, marketing and credit;
- the Lumme-Adama Farmers’ Cooperative Union;
- the Oromia Coffee Farmers’ Cooperative Union (Walton, 2005).

All of the American agencies affiliated to the US Overseas Cooperative Development Council (OCDC) run projects in Africa. For example, Land O’Lakes began a programme in 2008 to rebuild Mozambique’s Dairy Industry. In 2007 Land O’Lakes co-launched the first-ever pastoralist cooperative in South Sudan.

Scandinavian and Canadian cooperative involvement in East-Africa dates back to the 1960s, and continues to this day. Norgesvel (Norway), Swedish Cooperative Centre (Sweden), Développement International Desjardins (DID) and CCA (Canada) support confederations such as KNFC, TFC and UCA.

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<sup>19</sup> For an overview: <http://www.ica.coop/africa/activities.html>

<sup>20</sup> Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance



The number of primary and secondary cooperatives supported is quite extensive. Some of the specialization is language-based, with DID targeting the French-speaking cooperatives (among which the *Caisses Populaires* in countries such as Guinée, Burkina Faso, Niger and Mali). NorgesVel, together with NORAD, also sponsors a programme called Biodiversity Environment Education Project (BEEP) in Tanzania, South Africa and elsewhere. The project seeks to train and support organizations representing rural communities (including cooperatives) in maintaining and managing biodiversity.

In Kenya, the Cooperative College receives support from ACIDI/VOCA, German Technical Cooperation (GTZ) and the UK Co-operative College, so that it can become a centre for knowledge, offering consultancies on cooperative matters. The UK Co-operative College (non-financial) contributes to the development of other Cooperative Colleges in Sub-Sahara Africa through training and networking.

The German Cooperative Raiffeisen Union (DGRV) has a project office in Pretoria. From there, they carry out projects to support cooperatives in South Africa and elsewhere in the region. Oikocredit and Centre International du Crédit Mutuel are also supporting SACCOs in Africa.

#### 6.4 *Bilateral agencies*

USAID, DfID, GTZ, DANIDA, NORAD, Sida, JICA and BTC<sup>21</sup> are the bilateral donors most frequently named to provide support to African cooperatives. There may however be many others, such as AusAID, NZAID, AFD or the Finnish Development Cooperation.<sup>22</sup> DfID and USAID are involved in the cooperative legislative and institutional reform in Lesotho. Most of the support provided by these donors is directed to rural producers, which includes cooperatives. In Kenya, donors work through a basket fund, administered by the Ministry of Agriculture.

#### 6.5 *Non-governmental organizations (NGOs)*

World Vision is the most frequently named NGO working with African cooperatives. In Ethiopia and Swaziland they have programmes facilitating group formation. Producers groups are monitored for a period of time and eventually 'handed over' to the Cooperatives Department. Action Aid, Oxfam, SOS Sahel and Self-Help International are among the other NGOs that support cooperatives in Ethiopia. Caritas is present in Uganda and quite a few Dutch NGOs in Rwanda. For instance, ICCO supports Ugama-CSC and IWACU Centre for large scale cooperative training programmes; SNV works on value chains (also in Zambia); Novib and Agriterra are present as well as Care International. Heifer International is supporting Zambian cooperatives with breeding-and-passing-on programmes.

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<sup>21</sup> The bilateral cooperation agencies from United States, United Kingdom, Germany, Denmark, Norway, Sweden, Japan and Belgium respectively.

<sup>22</sup> The bilateral cooperation agencies from Australia, New Zealand, France and Finland.



Many other examples could be given. Dunduliza is a Tanzania-wide network of SACCOs that aims to reduce overhead costs. Dunduliza is supported by several NGOs, as well as by DID and the Financial Sector Deepening Trust. Lutheran World Relief (LWR) works with KNFU on fair trade through its coffee project. LWR also supports the fair trade cocoa farmers of the Kuapa Kokoo cooperative in Ghana. Habitat for Humanity promotes housing cooperatives, particularly in South Africa and Senegal.

Finally, the Bill and Melinda Gates Foundation funds projects making financial services more accessible for the poor. SACCOs are involved in these. The Gates Foundation also cooperates with the Rockefeller Foundation to sponsor the programme 'Green revolution in Africa', aimed at enhancing smallholder productivity. The Ford Foundation has a programme on asset building and community development that sees African cooperatives benefit indirectly.

#### 6.6 *International political institutions*

Apart from donor involvement or providing technical assistance, international agencies can support African cooperatives by officially recognizing, promoting or championing them. Such has been the case with the United Nations General Assembly, in its adoption of resolutions and publishing bi-annual reports on cooperatives - the most recent being resolution 62/128 on the role of cooperatives in social development (UN, 2008).<sup>23</sup>

The African Union, at its summit in Ouagadougou in 2004, explicitly mentioned the development of cooperatives as a key requirement for poverty reduction and sustainable development (African Union, 2004a). The accompanying Plan of Action saw a significant role for cooperatives in agricultural development, reduction of rural-urban migration, social protection, gender mainstreaming and empowerment of vulnerable groups (African Union, 2004b). In the follow-up report to this summit, which was presented in 2008, a publication of best practices was put in motion and is expected to appear in 2009 (African Union, 2008).

The International Trade Union Confederation as a partner of the Coop<sup>AFRICA</sup> programme has mobilized its members on the African continent to collaborate with cooperative organizations in their respective countries. In many countries this happens spontaneously, as appears in an interview with the coordinator of the Rwandan trade union congress COTRAF (Brioni, 2007).

Finally, the extent to which cooperatives are incorporated in the current Poverty Reduction Strategy Papers (PRSP) may be a good indicator of their relevance. The ICA-ILO document 'Global Cooperative Campaign against Poverty' suggests that out of 43 PRSPs, 41 mention cooperatives or have a cooperative component (ICA-ILO, undated). Of the nine countries that are the subject of this study, two of these

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<sup>23</sup> See <http://www.copac.coop/publications/unpublications.html>

(Botswana and Swaziland), seem not to have a PRSP. The remaining seven have incorporated cooperatives within their PRSPs, albeit in a varying degree. Ethiopia, Rwanda, Tanzania and Zambia appear to have integrated and emphasized the role of cooperatives in economic development. Kenya, Uganda and Lesotho have only marginally done so.

## 7. Significance of cooperatives

### 7.1 Employment

The baseline study has gathered figures on the employment generated by cooperatives. A distinction has been made between:

- (a) the *direct employment* - people formally employed by:
  - (a1) cooperative movement institutions (apex, federation, college, among others);
  - (a2) government department in charge of cooperatives;
  - (a3) primary cooperatives (cooperatives);
- (b) the *indirect employment* - members of cooperatives who owe their self-employment to their membership.

What is not counted relates to the overall macroeconomic impact of cooperatives, or the ‘multiplier effect’. Multiplier effects include consideration of those that earn a living thanks to increased demand and the associated opportunity to supply goods and services to cooperatives (e.g. renting out tractors, farming equipment, freezers, milk containers, building storage structures, among others).

Estimates of indirect employment are extremely difficult to construct on the cooperative movement in Africa and modelling to determine employment derived from the multiplier effect of cooperatives would be extremely challenging.<sup>24</sup> Even the direct employment data from primary cooperatives (i.e. their total number of employees) was not always available.

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<sup>24</sup> It would take a thorough on-the-ground survey of a large enough sample of cooperatives, interviewing households about the significance of their membership for their family income and the possible alternatives (i.e. how to continue as a farmer should the cooperative cease to exist). Extrapolating this survey results would then allow for an estimate of the indirect employment created by cooperatives in that country. To our knowledge, no such surveys have been organized anywhere in Africa recently (i.e. during the last two decades). However, in the Ethiopia working paper prepared for this baseline study, the author has elaborated a way of calculating the employment of coffee cooperatives (Emana, 2009).

**Table 5: Employment created by cooperatives**

Country	Employment by institution & govt.	Employment by primary cooperatives	Direct employment	Indirect employment estimate	Total employment estimate
Botswana	262	736	998	N/A	N/A
Ethiopia	4695	76956	81651	115079	196730
Kenya	3455	300000	303455	1,500,000	1,803,455
Lesotho	105	N/A	N/A	N/A	N/A
Rwanda	33	8624	8657	N/A	N/A
Swaziland	95	300	395	N/A	N/A
Tanzania	425	34524	34949	N/A	N/A
Uganda	285	10339	10524	68909	79433
Zambia	252	6000	6252	60000	66252
Zanzibar	78	N/A	N/A	N/A	N/A

Source: Authors' own figures<sup>25</sup>

The above table could be subject to criticism. Apart from the figures in the left column (a1+a2) which have been actively counted, the remaining figures are derived from either extrapolations or estimates. The employment estimates for Kenya are particularly high, however it is noted that this is also the most thriving cooperative movement of the countries surveyed.

The estimates are all based on interviews with people with some authority in cooperative matters. Still, the validity and reliability of the data is low. Since some estimates have not been completed, it was not possible to provide an 'overall estimate' of the employment effect of cooperatives in all nine countries in aggregate.

In Ethiopia, Uganda and Zambia, the direct employment is based upon case or district-based surveys, which were extrapolated to country level. Indirect employment estimates have been derived. These figures show that the ratio between direct and indirect employment may vary greatly. For example:

- 1 : 1.4 (Ethiopia);
- 1 : 6.5 (Uganda);
- 1 : 9.6 (Zambia).

Dividing the total cooperative employment of the three countries by their respective population totals would lead one to conclude that in Ethiopia 0.24 per cent of the

<sup>25</sup> Sources used during the present study : FCA (Ethiopia), Ministry of Cooperative Development and Marketing (Kenya), TFC (Tanzania, UCA (Uganda), Task Force on Cooperatives (Rwanda), Department of Cooperatives (Zambia), Department of Cooperative Development (Botswana) and Department of Cooperatives & SASSCO (Swaziland). None of these are official statistics but rather counts and estimates by the mentioned institutions.

total population has employment that is generated by cooperatives. In Uganda the same analysis finds 0.25 per cent; in Zambia 0.55 per cent is attributable. In Kenya, this figure would be much higher (approximately 5.5 per cent), as the number of Kenyan cooperative members is much higher.

One should be aware that a figure, such as 0.24 per cent in Ethiopia may seem trivial, but it increases many fold if the 'economically active population' variable is used in place of the total population as a denominator. Annex I shows that the economically active population is equivalent to approximately 40 percent of the total population. This is due to the combination of the average employment-to-population ratio for Sub-Sahara Africa, which is estimated to be 67 per cent, minus the proportion of the population that is younger than 15 years (ILO, 2005).<sup>26</sup> An extrapolation derived from this information would imply multiplying the country cooperative employment percentages by 2.5, so as to provide an estimate of the proportion of the economically active population involved in cooperatives. In Ethiopia and Uganda, approximately 0.75 percent of the total economically active population could then be attributed to cooperatives. In Zambia, the figure would be 1.65 per cent. In Kenya, it would be 16.5 per cent. These figures should be treated with caution, as they are based on a combination of estimates and projections.

The lack of reliable employment data could be considered a sign of weakness of the cooperative movements in a number of countries. To be able to calculate and report employment figures accurately would make a significant contribution for the promotion of cooperatives.

Employment creation is not the only social impact made by cooperatives. Members appreciate their income being increased or guaranteed over a longer period. Examples of poverty reduction in this sense are described in the studies of Tanzania, Zanzibar, Uganda and Rwanda.

## 7.2 *Social protection*

Formal systems of social protection are few and far between in Africa. Rwanda is the only one of the nine countries considered in this study to have a policy for mandatory health insurance, but the extent to which this policy has been implemented remains to be seen.

Cooperatives constitute groups of people that tend to know each other, therefore provide possibility for traditional mutual support in cases of funerals, sickness and other mishaps. For instance, most SACCOs offer back office loans at monthly rates between 1 and 1.5 per cent for school fees or small business investments. Some

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<sup>26</sup> The employment-to-population ratio is the proportion of the countries working age that is employed. When this figure is above 70, it is considered high; when it is below 50, it is low. 67 percent is a rather high score. However, one should take into account that most of the employment will be in the informal economy and that 45 per cent of the Africans are younger than 15 years. The employment-to-population ratio may vary from country to country.

SACCOs, such as the Motswedi SACCO in Botswana, even have benevolent funds for burial expenses. In Kenya, the Cooperative Insurance Company (CIC) offers insurance schemes to cover risk associated with microfinance loans. The SACCO federation of Swaziland has a voluntary pension fund in which 17 SACCOs (totalling 75 persons) participate. Swaziland Association of Savings and Credit Cooperatives also has a second-order funeral scheme in the making, with the intension of scaling-up internal SACCO schemes.

*It is worth noting that some SACCOs tend to have a more concrete basis for social protection, and cater for a different public than most SACCOs and other primary cooperatives. Some of the most prevalent SACCOs are linked with existing organizations, government and established enterprises. As a consequence it could be assumed that the membership of such SACCOs - often consisting of groups of employees - has on average a higher standard of living than members of other SACCOs that are associated with primary agricultural cooperatives. However, this tentative hypothesis should be confirmed through an appropriate survey of randomly selected households affiliated to either SACCOs or other cooperatives.*

### 7.3 Advocacy

One of the core benefits of cooperatives is the fact that cooperatives allow individuals to increase their bargaining power, through aggregation of their purchasing/selling power. However, in order for this to be effective, the cooperative itself must have skills in bargaining, negotiation and communication, in order to effectively represent its members. When it comes to voicing and advocacy, cooperatives in the countries studied exhibit poor performance. Either, they are not represented by a functioning confederation/federation or advocacy is strictly limited to cooperative legislation issues and/or to sector-related issues. For instance,

- Swaziland Association of Savings and Credit Cooperatives (SASCCO) influenced the funeral scheme legislation;
- Kenya Union of Savings and Credit Cooperatives (KUSSCO) plays a part in banking legislation in Kenya;
- Federation of Rwandan Tea Cooperatives (Fecowathe) is at the table to determine tea prices on behalf of the producers.

Due to ineffective federative structures, there are some examples of primary cooperatives seeking to open up export markets themselves. Examples include Poli Meru Coffee Cooperative and Tanga Dairy Cooperative in Tanzania.

### 7.4 Other issues

Cooperatives have a way to go before they become leaders in best practice for issues such as gender equality and environment awareness. In East Africa, female presence is slowly increasing in cooperative membership. For example, in Ethiopia membership has increased from 11 per cent in 2005 to 18 per cent in 2008. However

as a rule, in East Africa cooperatives cater for male heads of households. The situation is quite different in Southern Africa (Botswana, Lesotho and Swaziland), where males are employed in large numbers as migrant workers in South Africa or mining areas. This means that women tend to dominate cooperatives. In Lesotho, the government has recognized this and is in the process of adapting the legislation (property rights) to facilitate female management and ownership. In Zanzibar too, the majority of members of cooperatives are women.

Gender is only included in some training courses, such as those given by the IWACU Centre in Rwanda. The IWACU also educates about environmental protection, and this has seen some new cooperatives created to care for rehabilitation of the environment (reforestation). Elsewhere in the African cooperative movement, environmental protection has not been seen as a top priority. However, fair trade partnerships with cooperatives have at times required organic produce, which introduces environmental awareness and new farming techniques.

In Kenya, Lesotho, Rwanda and Tanzania, cooperatives are engaged in donor and government campaigns to mitigate the impact of HIV/AIDS. However, cooperatives are first and foremost enterprises. Therefore they need to focus on the sustainability of their enterprise first, rather than acting as vehicles for other socially relevant programmes. If such programmes were to be driven by cooperatives, the cooperatives themselves would need to receive support in their administration in order to cover the additional costs of the associated meetings, promotion material, transportation and time usage.

## **8. Conclusions**

Data presented throughout this study has sought to provide information to address questions relating to the effectiveness of cooperatives as a development model. This section further discusses such issues and provides stimulation for further discussion. To conclude, some strategic recommendations are provided.

### *8.1 Summary of the main findings*

The research undertaken on cooperatives allowed us to gain an understanding of the state of the cooperative movement in the nine countries studied. In summary, the following lessons have been extracted:

1. Cooperatives do have a significant presence in the countries researched. Earlier findings (Develtere and Pollet, 2008) that suggest that over seven per cent of the African population is affiliated to primary cooperatives have been confirmed. The tendency appears to trend upwards, as most countries have hundreds of new cooperatives registered every year.
2. The reliability of figures on cooperatives and their members is usually very poor. Government registration data and some rare local surveys are the only

sources of information available. The percentage of dormant cooperatives varies from 20 to 80 per cent. The cooperative regulative systems in the countries researched lacks a mechanism for deregistration.

3. Within the African cooperative movement, SACCOs are increasing their prominence and could soon be the most common form of cooperative. The growth in importance of the SACCO sector may be associated with the public they are catering for and also with the increasing popularity of microfinance.
4. Most of the countries researched respond to the unified (British colonial model) type of cooperative traditions. However, a confederation was found in only two of the nine countries (Tanzania and Uganda) covered by this study. It was found that confederations often struggle with recognition (from government as well as affiliates), financial soundness and organizational stability. Some of the sector federations often seem to be stronger organizations. In five of the nine countries SACCO federations are recognized and well functioning.
5. More often than not, building and maintaining a movement structure comes as a challenge. Indeed, the research undertaken in this study reveals that the movement structure has severe deficiencies in Southern African countries (Zambia, Botswana, Lesotho, and Swaziland). In Rwanda, due to considerable donor input, the government is steadily building up a movement structure. In Ethiopia, the government has tried to build up a movement with itself as backbone of the movement.
6. Cooperative training & education is available in all of the nine countries, but levels, curricula, contents and number of trainees, differ greatly. Cooperative colleges are government-owned and cater for school-leavers (having finished secondary education), as well as government cooperative department staff. Training for members and staff of primary cooperatives is less available and is usually provided during one short instructive session given by department staff when cooperatives are registered. In Rwanda, training is delivered through NGOs.
7. Governments take on a pro-cooperative attitude, mirrored in updated legislation and functioning cooperative departments. The regulating policy may be felt as meddlesome by certain cooperative movements, while in other cases, the government is trying to restore the movement institutions. The line between supporting and controlling may remain a subject of controversy for some time to come. Due to the lack of recognized and/or functioning representative bodies, cooperatives are not involved as a stakeholder in government policy. However, cooperatives or cooperative institutions have been consulted in the preparation of poverty eradication programmes in Tanzania, Rwanda, Uganda and Ethiopia.
8. Cooperative movements have benefitted from donor programmes. Different types of donors have been prominently present: cooperative movement agencies (such as WOCCU, ACIDI, SCC, CCA and others), bilateral agencies



(USAID, DFID, GTZ, among others), UN-agencies (IFAD, FAO, UNDP, ILO, among others), the World Bank and also NGOs (World Vision, ICCO, among others). The bulk of the programmes support institutional strengthening, capacity building, agricultural development, value chain monitoring, rural access to finance and training in governance.

9. Cooperatives may have a significant direct impact on people's life through the services they deliver (credit, agricultural inputs, access to markets, storage & transport, housing, among others.). However, their significance in other social and societal domains has not been particularly forthcoming and its contribution is not remarkable. Data on the direct employment they represent is inadequate, which makes it difficult to determine macroeconomic implications of the cooperative movement. One could make preliminary estimates that in most of the countries between 0.2 per cent and 0.5 per cent of the total population (not labour force) gain employment through the presence of cooperatives. In Kenya, with its thriving cooperative movement, this figure may be significantly higher. Cooperatives do not as yet provide additional systems of social protection (other than traditional in-group mutual support), nor do they effectively give their constituency a voice. Likewise, cooperatives are not adequately equipped in serving as a vehicle for life quality campaigns, such as gender equality, environmental awareness or HIV/AIDS prevention.
10. Some distinctions can be made between the tendencies of the cooperative movements in each of the researched countries. It could be stated that cooperatives in the East African countries (Kenya, Tanzania, and Uganda) are developing well and are becoming more prominent as a civil society force. In the two atypical countries (Ethiopia and Rwanda), cooperatives are rapidly making up their arrears thanks to their governments' pro-cooperative policies. In the Southern African countries (Zambia, Botswana, Lesotho, Swaziland), cooperatives need to make many advances before they could re-emerge as significant actors in society.

## 8.2 *Further discussion*

It should not be forgotten that cooperatives as a 'development model' still encounters a great deal of scepticism. In the early 1970s, the United Nations Research Institute for Social Development (UNRISD) commissioned what was probably the first systematic study to determine if European-style cooperatives were successful in the developing world. The study concluded that:

“... rural cooperatives have seldom achieved the development goals set out for them by economic and social planners. This has been most clearly evident when the goals have included structural changes” (UNRISD, 1975, p.11).



The World Bank study on the development of cooperatives in Sub-Saharan Africa, published in 1993, showed that past efforts by governments to promote efficient and sustainable rural organizations have been constrained by inappropriate policies. Extensive government intervention had tended to reduce member participation and cooperative self-sufficiency. Price regulation had at the same time prevented rural organizations to become commercially and financially viable. Policy and legislation reform was therefore recommended (Hussi et al., 1993). Another publication from the same period suggested that "... cooperatives failure may be due to unfavourable conditions rather than to inadequacy of the approach itself" (Braverman, 1991, p.27). These conclusions appear to be rather inconclusive, and further research on cooperatives in Africa has not been particularly forthcoming from this time period to the present – so the situation has remained unclear.

The question therefore remains whether it is worth investing in cooperatives in order to lift people and communities in disadvantaged regions out of poverty? Does investment in self-help mechanisms enable development? The data gathered from this study indicates that cooperativism as a development model – and indeed any development model - should have an established and clear identity, with a identified target group, with a workable mechanism and with a particular role or function in development.

First, the need for identity is clear. Cooperatives are organizations embedded in a movement. Despite the negative connotations that exist in Africa about cooperatives, they are still much held in esteem by Africa's rural communities. Older cooperatives are now consolidating and new cooperatives are created quite regularly, entailing a gradually expansion of the movement. However, on the whole the African cooperative movement does not seem to be highly coherent. Without going into social movement theories, a movement holds a common ideology, a common praxis and an organization structure (Develtere, 1994). The latter would, in the case of cooperatives, come down to a recognized confederation, federations, unions and support institutions, such as cooperative colleges. In more functional terms, these institutions would create a larger scale for operations, facilitate advocacy and guard the authenticity of the cooperative principles.

The country studies have clearly shown that a real cooperative movement is to a great extent lacking in Africa and that services, advocacy and regulation are undertaken either by government departments or by foreign cooperative movements. The question remains whether an endogenous cooperative movement is viable in the African context. The various development partner agencies could invest in the resurgence of confederations and other movement institutions. An alternative option however could be to invest in those institutions that prove to be economically viable and to try to install mechanisms for guarding the commitment to cooperative values and principles.

A second matter is to determine the target group for cooperative development. The element of discussion in the case of cooperatives is whether they do cater for the poor, as well as the rest of society. While some studies found that the majority of

members of rural cooperatives in Africa are poor (Nair and Kloppinger, 2007), some ‘classic’ authors in cooperativism, such as Münkner (1976) will argue that the poorest, meaning people who cannot even make small savings, will never adhere to cooperatives. Cooperatives, he says, are not for the rich or the poor: they are for the middle layer, the ones who have something to gain from pooling (whether the pooling is in purchase, sale, store or transport...). Although, it is recognized that the poor can solve some of their problems through organized self-help more effectively than they could in isolation. This implies that cooperation may be a way to combat poverty, but if such an intervention is to be sustainable, it should focus upon economic viability and only target the poorer segments once viability is established. In the study carried out in 2005, it was found that cooperatives:

“... have the advantage ... of not excluding the not so poor and capitalize on the expertise, the social capital and the financial contribution of this group. This helps poor people to cooperate out of poverty” (Develtere and Pollet, 2008, p.83).

Cooperatives can create the critical mass of capital that lifts the competitiveness of territories in particular sub-sectors of the economy. It will be those sub-sectors, rather than the cooperatives themselves, which provide opportunities to the poorest segments.

The third element, in generic terms, is described as the ‘workable mechanism’. This considers who the actor is and to which extent the actor is capable of pursuing development goals. In this specific case the discussion refers to the ownership and the autonomy of cooperatives, as well as the degree to which outside forces (such as the governments and international agencies) can or should intervene. In Africa, this debate grew due to the fact that political patronage of previous years deeply eroded the autonomy and the economic rationale of cooperatives (Holmen, 1990). After a period of state withdrawal from the economy, it has appeared that the cooperative movement institutions have collapsed, but the primary cooperatives and geographically discribed secondary cooperatives have not collapsed. Federations are defunct and cooperative colleges are put under state supervision, much to the discontent of the international cooperative movement:

“Government departments have de facto become the spokespeople of the co-operative sector. Whilst there are extremely competent and supportive officials, lack of an independent voice seriously weakens the co-operative movement” (UK Co-operative College, 2009, p.6).

This statement makes sense from a civil society point of view, but one wonders whether it helps cooperatives and their members to move forward. It is demonstrated that at this moment confederations cannot be sustained by their constituency, which means that their viability will be at the mercy of either the government or foreign donors. At the same time, African governments gradually seem to be adopting the attitude of non-interventionism. They limit themselves to creating an enabling or

conducive environment for cooperatives. This leads one to question whether it would be more effective for international agencies, including Northern cooperative movements, to concentrate their efforts on operational and willing institutions (even if embedded in government administration), rather than investing huge efforts in institutions that have not proven that they can be viable. The countries studied in this analysis reveal a positive evolution in countries where the government is in the process of increasing the vibrancy of cooperatives: Ethiopia and Rwanda followed by Kenya, Tanzania and Uganda.

A fourth element is whether cooperatives could be considered viable vehicles to carry out external development campaigns, including decent work, gender awareness, HIV prevention, environment protection or preparing people for elections. Some cooperatives have been used to facilitate health campaigns, such as the HIV/AIDS awareness campaign in Ethiopia (supported by USAID) (OCDC, 2007). However, the general tendency seems that most African cooperatives are not ready to take up responsibilities beyond their core economic interests. Even participation and advocacy in local politics is hardly evident, as both cooperatives and representative bodies seem to lack the interest and the capacity for this. As 'concern for the community' is one of the seven cooperative principles, the first step for African cooperatives should be capacity building so that they may undertake this role. Donors, governments or international agencies may offer support in exchange for them carrying out a campaign. For instance, they could increase capacity in primary cooperative matters, while using cooperatives to gather communities around political issues and undertake advocacy on their behalf.

### 8.3 *Recommendations for follow-up*

While the purpose of this study was not to come up with recommendations, a baseline measurement may also have a value in its own right. The paper therefore concludes by outlining some strategic recommendations for those working with cooperatives in Africa.

- Reliable quantitative information on cooperatives (number of enterprises, number of members, employment, assets, among others) is extremely hard to obtain. Although UN guidelines call on governments to collect cooperative statistics, counting on administrations to have installed an up-to-date monitoring system may not prove appropriate. Therefore, regular sample surveys on the ground would make a world of difference for monitoring cooperatives.
- The policies that seek to strengthen cooperatives may be different in different places. For instances, one could seek to strengthen systems that are already productive, rather than installing new institutions or procedures. To illustrate, this would mean that in Uganda and Tanzania confederations would be supported. In other countries (Ethiopia, Rwanda, Zambia, Lesotho, and Swaziland), it would be the government cooperative

department that facilitates development. SACCO federations and other federations may deserve attention too, as they tend to be more successful. In Kenya, the defunct confederation needs to be rejuvenated. In Botswana, a new representative body with the participation of all stakeholders could be introduced.

- As for training and education, the idea may well be to improve and systematize the offer of short courses that are directed towards cooperative staff and members. In order to make such initiatives less donor-dependent, cooperative colleges would be given a larger role in this. This implies an organizational structure different from the current one. To illustrate, it should consist of short practical curricula, teachers with a personal history in cooperativism, outreach ‘in situ’ courses, among others.
- For cooperative departments, an administrative system should be developed to separate the active primary cooperatives from the dormant. This should not automatically mean deregistration, as dormant cooperatives may still hold potential for re-activation and organization in the local population. Regular submission of the minutes of the AGM may be one of many criterion for deregistration. The challenge here is not the design of such a system, but its continued and systematic implementation.
- As in other domains, donor interventions in the cooperative world come and go without sufficient documentation of memory. Therefore, a ‘lessons learned’ database on cooperative development should be developed through country antennas and/or through major donor track records.
- Finally, the idea that cooperatives should serve as vehicles for carrying out other programmes is not always realistic. Cooperatives are still in a process of maintaining and structuring themselves as a self-conscious movement led by cooperative principles and values. Before confederations, cooperative unions or primary cooperatives take on social development campaigns, they should carefully assess the extent to which extent they are performing their prime role – that is - to strengthen the self-reliance of groups of people who may not have access to basic goods and services. The boat has to stay afloat before it can take passengers.

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## Annex I : Additional tables

**Table: Population and labour force statistics and cooperative membership**

Country	(1) Number of cooperative members (2008)	(2) Population (2008) (million)	(3) Population covered by cooperatives (per cent)	(4) Labour force (formal) (millions)	(5) Population older than 15 years (per cent)	(6) Economically active population (per cent)
Botswana	82000	1.9	4.3	0.28	65.5	36.6
Ethiopia	4,668,564	82.5	5.9	31.6	52.4	43.7
Kenya	8,507,000	37.9	22.7	16.9	57.0	45.6
Lesotho	Unknown	2.1	NA	0.8	60.3	42.7
Rwanda	310218	10.2	3.1	4.6	57.0	45.7
Swaziland	42900	1.1	3.9	0.3	61.7	40.0
Tanzania	1,600,000	40.2	3.9	20.4	56.1	49.2
Uganda	1,200,000	31.4	3.8	14.5	51.1	43.8
Zambia	199694	11.7	1.7	5.5	54.5	38.2
Zanzibar	83734	1.0	8.3	0.4		

(1) and (3) source: authors own figures; (2) source country population: <http://www.census.gov/ipc/www/idb/summaries.html> by March 31st 2009; (4) source labour force: [http://www.nationmaster.com/graph/lab\\_lab\\_for-labor-force](http://www.nationmaster.com/graph/lab_lab_for-labor-force) by March 31st 2009; (5) and (6) [www.laborsta.ilo.org](http://www.laborsta.ilo.org) by August 27<sup>th</sup> 2009.<sup>26</sup>

<sup>26</sup> [www.census.gov](http://www.census.gov) is the website of the U.S.Census Bureau. NationMaster is a vast compilation of data from such sources as the CIA World Factbook, UN, and OECD. Nation-master data listed above refer to the year 2007 except Lesotho (2000), Botswana (2004), Ethiopia (2005), Kenya (2005) and Rwanda (2000).Laborsta holds the official statistics on labour and employment as made available by the ILO, mostly on the basis of projections.

**Table: Membership and financial statistics of credit unions (including SACCOs) for selected countries in 2007**

Country	Credit unions	Members	Penetration rate	Savings	Loans
Benin	68	1,408,200	31.44%	105,547,179	125,223,260
Burkina Faso	61	1,263,303	16.18%	119,025,822	111,143,273
Cameroon	191	229,765	2.23%	125,974,932	77,833,150
Cote d'Ivoire	31	1,762,227	16.92%	208,224,508	77,474,712
Gambia	89	29,337	3.17%	6,193,719	4,776,340
Ghana	318	229,952	1.68%	69,088,546	49,344,709
Guinea-Bissau	13	20,878	2.48%	583,394	453,252
Kenya	3,990	4,000,000	19.11%	2,109,896,053	2,280,083,977
Lesotho	141	33,339	2.62%	1,458,649	233,447
Malawi	64	73,849	1.03%	8,412,632	7,254,625
Mali	116	1,256,900	20.93%	103,337,013	141,986,860
Mauritius	100	73,000	8.17%	N/A	N/A
Niger	116	365,398	5.44%	13,220,604	23,396,340
Rwanda	139	656,075	11.57%	115,170,553	109,530,086
Senegal	321	1,511,905	21.36%	232,937,972	276,515,254
Seychelles	1	10,620	18.70%	7,788,712	5,213,691
South Africa	34	13,575	0.05%	8,659,237	7,383,343
Swaziland	62	53,000	8.31%	50,104,302	36,554,689
Tanzania	3896	480,000	2.22%	29,511,252	24,251,349
Togo	67	711,787	21.87%	116,434,207	97,004,945
Uganda	1,970	860,000	5.73%	55,361,305	48,951,049
Zimbabwe	53	80,000	1.09%	3,914,086	1,467,782

Source: Statistical Report, World Council of Credit Unions (2007); Penetration rate is calculated by dividing the total number of reported credit union members by the economically active population.

**Table : Membership and financial statistics of credit unions (including SACCOs) for selected countries in Sub-Saharan Africa between 1999 and 2007**

Year	Countries	Credit	Union Members	Savings	Loans
1999	27	5,072	2,417,492	\$605,347,370	\$457,949,706
2000	27	3,267	2,135,463	\$525,944,752	\$457,562,550
2001	27	3,359	1,995,753	\$494,443,631	\$445,477,530
2002	13	4,406	3,065,797	\$751,918,941	\$767,829,953
2003	19	6,528	5,918,101	\$1,424,590,542	\$1,251,829,636
2004	15	7,351	4,201,043	\$1,482,811,458	\$1,302,678,148
2005	22	7,468	9,602,714	\$2,089,673,987	\$2,138,442,995
2006	24	8,237	13,145,565	\$2,673,645,047	\$2,592,153,025
2007	22	11,849	15,123,110	\$3,490,844,677	\$3,506,076,133

Source: Statistical Report, World Council of Credit Unions (2007).



**Cooperatives in Africa:  
The age of reconstruction - synthesis  
of a survey in nine African countries**

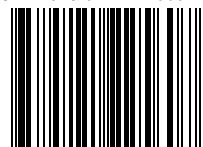
Ignace Pollet

This paper aggregates the findings from nine country studies and from recent literature upon African cooperatives. The presence of cooperatives and people covered by them was found to be significant, though erratically documented. The current growth of the movement is largely driven by expansion of Savings and Credit Cooperatives. However, building and maintaining a movement's structure presents a challenge. Federations often struggle with legitimacy and operate at a mere subsistence level. Cooperative colleges do not sufficiently cater for members and staff of primary cooperatives. The extent to which governments pursue a policy of actively creating an enabling environment for cooperatives proves to be the key factor in reconstructing the cooperative movements. The paper further discusses the significance of cooperatives for other policy domains and the position of cooperatives as a vehicle for development.

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