

GLOBAL ISSUES AFFECTING CO-OPERATIVES IN AFRICA

By

S. A. Chambo and R. M. Tiruhungwa

Abstract

The world is today experiencing more rapid changes than probably any time before. These changes, mainly propelled by the globalization process, are bearing influence on almost every sphere of life at a non-uniform pace and with disparate effects. This paper briefly examines such effects on co-operative organizations in Africa. It seeks to stimulate sober deliberations on the challenges facing these socioeconomic organizations as a result of globalization. This is prompted by the realization of the uniqueness of these organizations, upon which this study centres, as well as that of the continent in which the specific co-operatives are based. Our discussion starts with a brief conceptual background to globalization. We then highlight the critical issues affecting co-operatives in Africa, mapping the current realities and the more direct effects. Thirdly, we discuss how the African co-operative movement is trying to cope up with or mitigate the challenges of globalization. Finally, we propose the way forward for the African co-operative movement.

Key Words: Co-operatives, globalization, co-operative identity,

1. Introduction

The co-operative movement in Africa is distinct from similar co-operative movements in the other continents. There are a number of observable features which accentuate this distinction. Firstly, both the co-operative movement and the African continent are performing on very weak and dependent economic structures. These structures often operate under constrained technological environments and systems when compared with those found in other continents. The unique nature of the African co-operative movement, thus, calls for peculiar attention.

Secondly, although there are candid efforts to restructure and reposition cooperatives in Africa, the process has been very slow. In many cases, it still needs more guided intervention from national governments. Many African cooperative organizations are yet to be fully autonomous, member-controlled organizations in all aspects. Thirdly, Africa is not merely a distinct continent in absolute terms. It is as well affected by globalization like all other continents. But, while globalization has both positive and negative effects on the economies of the world, the negative effects on the African co-operative movement are more devastating than on other continents.

In particular, it is this third characteristic of Africa which is the central focus of this paper. The paper briefly examines how the global issues affect the cooperative movement in Africa. It appeals for a special attention on the African co-operative movement. The justification for this special treatment comes from the logic that Africa needs a special strategy for co-operative development with targeted and more focused policy development. Such a strategy ought to be homegrown and more specific to the realities prevailing in the African continent.

We contend, from the outset, that globalization is not a homogeneous 'one-size fits-all' process that carries 'universally-accepted' values and benefits to each and all in the universe. The world is so dynamic and diverse such that any global process cannot have uniform impact to all societies and people in their respective sectors. It is due to this realization that this paper seeks to underline the fact that Africa has to be seen as a distinct continent because of the very nature of the global diversity.

2.The Concept of Globalization

There are two theoretical positions explaining the character of the current globalized economy (Chambo: 2005). Economic theory notes that globalization is a massive worldwide interaction between countries, cultures, individuals and institutions, guided by rapid technological advancement which reduce time and space. In a typical economic context, the integration of national economies into an international economy has scaled down the world into a village such that all parts (of the world) are now easily connected through business interactions. This integration is often facilitated by the reduction or removal of barriers among national borders in order to expedite the flow of capital, goods, services and labour.

Studies in the theory of political economy often underline the flow of capital. They observe that globalization is a worldwide process of expansion of capital and capital accumulation, destroying national boundaries as sites of independent nations. During such a process, capital expansion knows no national boundaries and no governments. As such, the process can become very militaristic when a country does not easily open up to global business. It is probably for this reason, that this process has sometimes been termed as the TYRANNY OF FINANCE CAPITAL worldwide.

Further, it is instructive to note here that the nature of capital has remained almost unchanged throughout our history. It always promotes "an ethos of commerce and the commoditization of life itself over and above the value of human rights and the dignity of human life" (Edigheji et al., 2008:24) Historically, globalization is not a new phenomenon. It started with the world explorers such as Amerigo de Vespucci, Ferdinand Magellan and Vasco da Gama. They "discovered" and

prepared the world for international communication and trade. Thereafter, there came the era of slave trade, colonization, neo-colonization, cold war, the fall of the communist bloc and now 'globalization' as a new name for the same process of capital expansion.

Consequently, one of the major characteristics of globalization is the gradual integration of all countries into the global capitalist system. The system cannot be avoided. 'You join it or you perish'. However, this system rarely guarantees 'fair play'. In practice, the system often leads to the marginalization of millions of people. The majority of the poor are gradually removed from meaningful productive employment and are compelled to resort to petty trading.

However, it is in order to note here that participation in trade can exacerbate inequality as poor people (mostly in Africa) absorb the adjustment costs of increased competition from imports, while people with assets and market power take advantage of opportunities provided by exports (UNDP: 2005). It is for this reason, among others, that the world today is divided into the wealthiest on one side and the poorest on the other; where, as far back as 20 years ago, the richest 20% of the world population controlled 82.7% of global wealth (Table 1); where, seven years ago, the richest 20% of the population received 150 times the income of the poorest 20% (UNDP: 2002), and the gap has been widening ever since. Among its many effects, this arrangement has resulted into the creation of 'disposable population' — a concept commonly used to refer to street children (Chachage: 2002).

Table I: Distribution o world GDP 1989

Quintile of Population	Income
Richest 20%	82.7%
Second 20%	11.7%
Third	2.3%
Fourth 20%	1 .4%
Poorest 20%	1.2%

Source: UNDP, Human Development Report - 1992

The exploitation of world natural resources is carried out by few major companies. For example, there are five major buyers of all world coffee. They set the scope and content of the world market for the coffee product. The world is guided by centralized institutions like the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) (ibid).

Unlike most economies in South Asia, African economies have been incorporated more fully into the world economy albeit on a relatively weak bargaining stance especially in trade (Roy: 2005). Within

the 'global' framework, unequal terms of trade (based on exports of cash crops while importing manufactured goods) coupled with dependence on multilateral and bi-lateral aid, biased forms of foreign investment and inability to service mounting debts characterize most African economies.

3. Critical Global Issues Affecting the African Co-Operative Movement

A co-operative organization carries two sides of the same coin. It is a people owned economic organization as well as a social enterprise aimed at fulfillment of social goals. It is created by people who want to organize their economic life in order to meet their social needs. Economic means go hand in hand with social ends and objectives (Rause: 2007).

A co-operative organization is able to address economic and social objectives because its historical origin is based on the economic organization of poor people who wanted to co-operate out of poverty. Essentially, that is why it is guided by a set of principles and values which are relevant today and tomorrow. They include openness, honesty, social responsibility and caring for others. These values will always stand out to be critically relevant throughout the history of mankind. They will stand the test of all major economic changes as long as the world continues to be divided between the rich and the poor.

For purposes of our current discussion, we shall highlight two major typologies of critical global issues affecting the co-operative movement in Africa. We first look at those issues which are of a global nature but are part of the business architecture of the co-operative movement. We then look at the broader global issues which have a direct bearing on the African co-operative movement.

3.1 Issues from Within the Co-operative Movement

i) Global Business Competition

The world is witnessing unprecedented competition in business, where efficiency, competitiveness and standards are critical criteria for success. Generally, agricultural marketing co-operatives in Africa were not prepared for such competition. The members, who are mainly small farmers, are technologically weak. They produce below standards global market place. As such, agricultural cooperators are fetching low market prices.

Moreover, due to low levels of technology, productivity on the African farm is severely low. Average farm productivity is below 2 tons per acre. This means that African co-operators have to produce more for the same amount of revenue over time. This situation perpetuates poverty. Consequently, impetus of co-operating out of poverty is frustrated on the way.

But looking at the art and the mechanics of global trade, African agricultural cooperatives cannot remain in the same traditional box of producing raw material for the industrial world. Certainly, the disposition of selling material to the world market is outdated for three reasons; first, the of demand in the consuming countries has changed. The demand has shifted to more refined commodities which must have gone through a number of first stages of industrial processing to make them attractive to final buyers. Second, demand in the industrialized countries has become more conscious of ecologically and environmentally friendly agricultural output. This has put pressure on African agriculture into serious scientifically driven production systems calling for careful cost planning which may not exist at the moment. The third aspect of international agro business is the fact that there is continuous rationalization of the utilization of raw material to make industry more competitive. As a result, demand for raw material may marginally increase while the quantity of output for the final market is increasing. This increase in demand is direct benefit to the final industries while prices of raw material may remain stagnant, rise slowly or even decline.

ii) The Crisis of Co-operative Identity

Although the co-operative image and identity crisis has different origins, a 'diluted' sense of membership is, probably, the most common element in the crisis. In practice, as co-operatives increase in size in terms of membership and business turnover, their membership gradually becomes more heterogeneous. Maintaining member cohesion and a business culture that respects the original co-operative values and principles becomes more complex and a challenge. Consequently, members continually feel remote from their co-operative. The local nature of the traditional co-operative society which enabled members to emotionally feel related to it is steadily being sacrificed in the interests of business efficiency (FAO: 1995).

The failure of state-driven co-operative movement in Africa has tarnished its image, resulting into diminished membership. In most cases, this model existed without registered members. As competition ensued, the few members who remained, were gradually marginalized and could not associate themselves with their co-operative business. In such circumstances, employed managers tended to take over the co-operative organization and run it as a purely capital-based business enterprise. Managerial takeover of co-operatives may result into new decisions such as organizing mergers forming purely market-driven commercial completely divorced from the local connectivity of the membership. In the end, managers find it difficult keeping democracy and business efficiency under one and the same roof. Consequently, democracy suffers, and the co-operative identity is lost.

In some countries, like New Zealand, dairy co-operatives are now regarded as 'companies' but they maintain the co-operative name. In Australia, deregulation of the economy has led some of the leading co-operatives to be officially converted into 'investor companies' (Rause: 2007)

We witness, today, many forms of collective ventures that would like to be known as true co-operative organizations, on one hand, while we find still other such enterprises which would never like to be associated with the 'co-operative' concept. It is against such background, that Ashish Shah (ILO, 1993) distinguishes three models of cooperative enterprises.

The first model relates to the 'company-like cooperatives' where cooperative organizations operate like 'private capitalist enterprises'. In most such 'cooperatives', members strive to avoid the bureaucracy imposed by government control on cooperatives, by calling themselves companies.

The second model is referred to as the 'third sector' model where co-operatives are primarily concerned with the execution of government programmes. They exist because there are government programs in poverty reduction and the government believes that the co-operative organization can make these programmes successful. Such kind of co-operative organizations naturally die once the programs come to an end.

The third model is the 'value-based' co-operative organization which strives to adhere to the traditionally accepted co-operative principles. This is a dynamic co-operative organization trying to address pressing problems for its members. It is able to stand the competitive situation as well as follow the values and principles of co-operation.

In the African scene, co-operatives are not yet moving into companies or demutualizing. They tend to follow the two routes of the third sector and the value driven types. The third sector co-operative development is where we see governments putting up poverty alleviation programs and instructing that the programs be implemented by and through co-operatives. This creates dependency and co-operatives decline as those programs are phased out by government. The value-driven co-operatives are not many, but have learned to adapt the co-operative business model and survive the competition. In remote areas where private companies cannot invest, the co-operative business enterprise has found natural ground for growth.

iii) The Crisis of Democracy

Due to global competition, top-down management styles have taken substitution of peoples' democracy with decline of member education.

There is excessive concern over business efficiency. When liberalization came into practice, the management of co-operative societies was challenged by market forces of meeting fast moving orders and supplies. As competition increased, it became evident that member participation and democratic meetings were becoming another form of bureaucracy in terms of modern business performance. Given that most managers had no background of co-operative management, it was clear that member participation in decision making of cooperatives was declining. It would have been prudent for co-operative management and leadership of the day to design new tools that provided room for effective and democratic member participation (Rause; *ibid*) in the context of the new era of competitive markets. This did not happen in most co-operatives. Therefore, democratic business practice in these co-operatives plunged into a crisis.

iv) Micro-credit Revolution

Microfinance is the design and development of financial services for the poor. While research has found that the poor can pay when given appropriate financial services, there have been efforts to sideline the savings and credit co-operative model of organization.

The partial success of some NGOs, which dispose credit only to the poor, has given rise to a proliferation of multinational corporations which hold funds to be borrowed by the poor, particularly in developing countries. While such international companies introduce the culture of financial management and the discipline of loan repayment, our concern is that the savings culture is gradually being replaced by credit, credit, credit only!

But, by all standards of development finance and local financial intermediation, the savings and credit co-operative model, is still superior to the credit only model, because the latter's source of funds is outside the control of the borrowing members. The savings and credit co-operative model creates local autonomy and independence of savers and local investors who borrow from locally generated savings.

When 'credit-only' programmes become popular in a country, they do not only kill the spirit of savings, but they also perpetuate financial dependence on the global financial system. Also, the would-be members of sustainable savings and credit co-operative societies (SACCOS) tend to despair and look for an easy way of getting credit than start with savings. While we do not dispute local institutions borrowing from international financial houses, such borrowing must be determined by the capacity of local SACCOS and co-operative banks.

In order to protect local savings and credit co-operatives against global destruction and replacement, there is need to integrate the savings and credit co-operatives with co-operative

insurance organizations and co-operative banks, nationally and internationally. Such efforts would create a ring fence of financial systems which would negotiate fairly with international financial companies, without replacing the independence and autonomy of the national financial system of a country.

v) The Breakdown of Apex Bodies

The co-operative movement in Africa had built strong national apex bodies. Such apex organizations were the symbol of national unity of the co-operative movement. But when liberalization and business competition came in, the cooperative movement was ill-prepared. Co-operative organizations, at different levels, became inward-looking.

For example, when competition became stiffer, co-operative unions in Uganda, found themselves competing with their member primary societies. In Tanzania, there were significant cases of primary co-operative societies which chose to opt out "from the traditional marketing system whereby primary co-operative societies had to market their produce through their unions" (Sizya and Tiruhungwa: 2006, p. 13). Such societies¹ chose to sell their produce directly through the auction, thus, by-passing their unions which were, hitherto, the only traders representing the societies at the auctions.

In this kind of confusion, the national apex organizations were left hanging, sometimes without solid agenda on the ground. The functions which were used to be done by apex bodies were either no longer demanded by their member cooperative societies or the member societies were trying to domesticate such functions such as auditing and accounting services.

In this way, the countries' primary co-operative organizations lost their direct association with their apex bodies to the extent that they appeared to be irrelevant. A recent survey² of co-operatives in six African countries (ICA & CCA: 2007) noted a general weakness of apex organizations in all the surveyed countries. Nevertheless, we all understand that the national unity of the cooperative movement is key to any national and international dialogue framework for the development of co-operatives in Africa.

¹ A case in point was GOMATA Coffee Rural Co-operative Society in Same District, Kilimanjaro region, which was the pioneer in this venture. It broke away from its union — VUASU Co-operative Union — in the 1999/2000 season and chose to sell its coffee directly through the Moshi Auction.

² One of the authors of this paper, Prof. Suleman A. Chambo, was the Team Leader of the Research Team in this survey. The survey covered Botswana, Ethiopia, Kenya, Malawi, Swaziland and Tanzania.

3.2 Issues outside the Co-operative System of Organization

i) Gender Crisis

Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. Thus, active and equitable participation of members in cooperatives, like in many other institutions the world over, is a necessity for sustainable co-operative development. Co-operative principles state that cooperatives are democratic people-based organizations. But, can they be seen as truly democratic if there are gender imbalances in terms of participation, control and ownership?

Although almost all over the world women participation in decision-making and leadership is low, it is much lower in Africa mainly because of cultural and religious factors. Illiteracy and other social pressures put women outside public life. They thus cannot contribute to co-operative development.

In some communities, land ownership as a basic asset of economic life remains solely men's domain. Women's denial from participation in affairs of cooperatives makes them stand very little chance of influencing policy in cooperatives while on the other hand, they are more involved in economic production and sustaining family life than their male counterparts. In some parts of Africa, women work for 18 hours per day, but get close to 20% of the income from co-operative business in coffee.

Although globalization is considered, in some circles (World Bank et al., 2009), to have opened more market opportunities, thus favouring producers who have more resources to cope with the attendant stringent market demands, the same has increased the vulnerability of producers with few resources, especially poor women. The fact that globalization, perse, does not recognize the inherent differences among men and women in as far as resources ownership is concerned, presents a serious gender crisis of our time.

ii) Unemployment and the Youth

The future of any country' rests on its youth. Young people, in any economy, are generally considered to be the dynamo of development and economic growth. On the other hand, the youth without education, jobs or the prospect of a meaningful future may fuel instability and perennial violence.

It is, therefore, appropriate for any economy (any sector thereof) to be concerned about this important population segment. In Africa, for instance, around 46% of its population is between 5 and 25 years⁵

(Munive: 2008). Among critical issues that need to be considered in order to provide this segment with prospects for meaningful future' are education and employment.

Unfortunately, however, global economic trends and competition have forced many employees to carry' out retrenchments. The growth of capitalist enterprise and the quest for super profits rejects entry of the youth into meaningful employment. The expansion of finance capital in the economies of developing countries, including Africa, is dictated by labour savings technologies which naturally result into marginal growth of youth employment. Our survey (ICA & CCA: ibid) has observed that while there is comprehensive government policy on the youth in almost all the countries studied, there is little organic connectivity between co-operative programmes and youth employment.

Further, although many co-operatives, especially in Tanzania, are predominantly engaged in the agricultural sector, unfortunately, the sector does not seem to attract many young people (Tiruhungwa: 2009)⁶ as exemplified by Table 2. Many of the occupation clusters that are most preferred by the youths, according to the study, are typically non-farm occupations (e.g. computer expertise, academics, accounting/auditing, law, journalism, medical practice, politics, etc.)

Table 2: Youths' Preferences of Occupations

		OCCUPATION	% OF RESPONDENTS PER PREFERRED OCCUPATION
M O S T L E A S T	P R E F E R E D	Computer Expert	83.8%
		Teacher/Librarian/Lecturer/Professor	81.6%
		Accountant/Auditor	74.1%
		Lawyer/Magistrate/Judge	74.1%
		Journalist	68.6%
		Doctor/Nurse/Midwife	67.6%
		Politician President, Parliamentarian, Councillor	67.6%
		Ambassador	57.8%
		Pilot/Captain/Driver	55.1%
		Government employee	52.4%
		Police/ Soldier	51.4%
		Businessperson	51.4%
		Religious leader	43.8%
		Sportsman/woman	42.7%
		Artist (drama. Music, fashion etc)	39.5%
		Secretary /typist	36.8%
Farmer/ fisherman/woman / livestock keeper	18.9%		
Engineer/ architect/ carpenter	18.4%		
Hotel/ bar waitress	7.0%		

Source: Research Data (Tiruhungwa: 2009)

It must be noted, however, that the United Nations' definition of youth is people between 15 and 24 years of age. 6 Preliminary research findings indicate that about only 19% of young Tanzanians would prefer joining agriculture after their formal education. Among 185 respondents (youths) who were asked to rank the most preferred occupations, only one respondent (about 0.5%) ranked the cluster of 'agriculture, fishery and livestock keeping' as first priority (i.e. as the most preferred occupation). Respondents were asked to rank only the first 10 most preferred occupations among 20 clusters of occupations on the list.

Those that are closely related with farm-work or largely depend on outputs from the farm (e.g. carpentry) are least preferred by youths. It is probably due to the above trend that studies are being carried out mainly to provide evidence of an increased inclination towards non-farm activities and to justify the importance of this shift. In the Tanzanian case, this is notwithstanding the continual emphasis on 'agriculture first' by politicians and other government bureaucrats.

Further, within the non-farm economy, trading appears to be the most preferred (Sundaram-Stukel et al. 2006), especially by young people. In the same vein, therefore, the youths are gradually being marginalized by globalization into petty traders without production skills. Mostly, they trade in goods that are not produced by them (youths) or by their own countries.

There are strategic issues that need special consideration when we look at the youth and co-operatives today. First, the youth need to be introduced the practical aspects of co-operation and co-operative business at an early age. That is why the co-operative at school concept, is critically important. If co-operation and co-operative business skills are introduced in the school system, African countries will be producing co-operators of the future. Secondly, there is need for higher education to look at how the system can produce high level experts in co-operative organization so that the co-operative enterprise receives more advances intellectual and research treatment for its own future and by integrating the youth intellectually.

ii) Environment

Africa is, by world standards, not industrialized except the Republic of South Africa. Therefore, the causes for its environmental degradation are, by and large, the devastation of natural forests and soils due to technologically poor farming techniques. But, while global warming is a product of intensive industrialization by the developed countries, the effects of such global warming have not spared Africa with persistent cycles of floods and drought. These have, in turn, resulted in poor agricultural output, especially food. Continued famine hits at the very foundation of economic activities ran by co-operatives in Africa. A country in famine is on the same footing as a country at war. There will always be little cooperative activity and, hence, increased income poverty. Reports from the survey (ICCA & CCA; op. cit.) of African countries indicate that there is no co-operative involvement in environmental programs, except in Malawi where it is necessitated by tobacco production.

iv) HIV/AIDS

While the pandemic is global, it has hit hard on Africa and all types of cooperatives have not been spared. Both the transmission of HIV and the resultant affected population are highest in Africa. Recent statistics indicate that the total infected population runs at 33mill globally, and "the epicentre of the epidemic remains is sub-Saharan Africa. Two thirds of all people living with HIV are African. Three-quarters of the deaths in 2007 were in Africa" (UNAIDS: 2008, p.4). This means the death toll is highest both in rural and urban areas in the continent.

Members of co-operative organizations are obviously adversely affected when managers, fellow members, co-operative professionals, prospective customers and all other kinds of groups die of HIV/AIDS. The pandemic has, consequently, caused huge losses in membership, shares, deposits, professional management capacity and able leadership.

Our research (ICA & CCA; op. cit.) on selected African countries indicate quite a divergence between concerted national policies and programmes on HIV/AIDS and the little attention given by the co-operative movement in addressing the pandemic. The reasoning for not attending the pandemic has mainly been that co-operative leaders and some members are involved in the national AIDS programs. Secondly, the involvement of co-operatives is marginal as they associate the pandemic with large funding from international donors.

4. Addressing the Challenges of Globalization

Notwithstanding the major negative effects of globalization, a number of initiatives have been taken by co-operative organizations to address challenges posed by globalization. Unfortunately, most of such initiatives are singly carried out by isolated cases of co-operative organizations in Africa. However, if these were to be replicated, they could result into a significant mitigation of the negative effects of globalization in Africa. Here we cite a few cases from the six African countries referred to earlier.

4.1 Policy Intervention

When it comes to policy formulation and dialogue, co-operatives need to cultivate a position of strength and foresight. Co-operative members are natural citizens of any given country. They have the right to participate in any national policy discussion and dialogue which affect their lives. For instance, the National Housing Co-operative Union of Kenya has a style of presenting themselves in all policy issues concerning housing in Kenya even if they are not invited (Chambo et al). Their participation in such dialogue creates an atmosphere of recognition at the national level and their concerns and those of their members are directly included in national policies relating to this sector in Kenya.

The general experience in Africa is however different from the Kenyan experience above. The general outlook of co-operatives is where they isolate themselves from constructive dialogue of national issues. We find very small NGOs mobilizing national voices on critical national issues. But when it comes to co-operatives, there is need for a different strategy of national voice mobilization altogether.

4.2 Youth Employment and Future Co-operators

African countries have very elaborate youth policies. But they are not put into effect by drawing designing and executing more comprehensive programmes which take on board aspirations of co-operators and the co-operative movements at large.

It may be recalled that co-operatives were introduced as adult institutions, because there was an immediate need for the organization in the fight against exploitation. The youth appeared to take a position of waiting until they became adults. As a result, they were alienated from the co-operative organization and practice at their early years.

There are, however, two initiatives taken by a co-operative union in Tanzania and the Ministry of Industry, Trade, Marketing and Co-operatives in Lesotho. The Kilimanjaro Native Co-operative Union (KNCU) in Tanzania has designed what they term as the battalion approach where they sponsor secondary education to orphans and those from poor families at an average of 200 youths every year. It is envisaged that this approach will create conditions where the youths will, hopefully, join the labour market and access appropriate skills for decent employment, thanks to the initiative of a co-operative organization. Ultimately, these youths are likely to always make an emotional reference to that co-operative union and, probably, to the entire co-operative movement in the country.

In the same vein, the Ministry in Lesotho is promoting school co-operatives where the youths form and manage co-operatives at their youthful age while at school. Such programmes give signals to the youth that one option for employment is self-employment through co-operatives. But also, the Lesotho Ministry is creating future co-operators through the school system.

4.3 Gender Integration

It is appropriate to underline, here, that equitable participation of both men and women in co-operative operations is a necessity for sustainable co-operative development. Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. Therefore, in order to enhance the credibility of co-operatives as truly democratic organizations in the eyes of the public, the aforementioned co-operative values must be adhered to.

Further, it must be noted that women represent almost 50% of the world's human capital. By boosting women's productive capabilities, therefore, cooperatives will benefit from this hitherto under-utilized human capital. Cooperatives will become a stronger economic and more influential political force if more women (the invisible workforce) are actively involved.

To be noted also is the fact that men and women often tackle and solve life problems differently. This variation is particularly relevant in today's dynamic and fast changing socio-economic environment. In such environment, the need for creative thinking becomes extremely important because standard, readymade solutions do not readily present themselves to decision-makers. There is need, therefore, to design sustainable systems and mechanisms within the cooperative setting which would allow and nurture gender integration in the entire functioning of the co-operative sector. Co-operative organizations may, for instance, stipulate mandatory provisions in their by-laws which aim at enhancing this integration.

4.4 Advancement in Information and Communications Technology

For many years, the ICA African Ministerial Conferences have advanced the need for the institution of ICT in co-operative operations. Globalization is forcing people and organizations to do fast and efficient business using modern tools of ICT.

The nation-wide savings and credit co-operatives, such as 'Harambee SACCOS', and the Co-operative Bank of Kenya are modern co-operatives which have an edge in ICT. They are able to connect with members across the country and, may be, they can do it across East Africa. The ICT development in the financial co-operative system in Kenya could be one of the reasons that have kept Kenya at the top of the list when it comes to membership and services. Co-operatives cannot isolate themselves from ICT. There is therefore need for an ICT strategy within the co-operative movement. But ICT as such, should not be considered by co-operatives as a special project. Rather, it should be taken as an integral part of the co-operative movement in Africa.

4.5 Co-operation among Co-operatives in the Savings and Credit Cooperative Movement

The history of savings and credit co-operatives in English-speaking Africa provides testimony of a stand-alone inward-looking type of SACCOS which are not horizontally connected. Such co-operative organizations would be vertically integrated at the national level, forming umbrella organizations. This model has been successful at the national level because the national umbrella organization is visible and can link the SACCOS at regional and district levels.

But, during financial services competition, the traditional model risks losing members of small SACCOS to alternative financial services companies and NGO's. Secondly, in this model, SACCOS

may survive or die on their own without harnessing the principle of co-operation among co-operatives.

We have seen in a number of cases in East Africa where commercial banks had disinvested from the rural areas 15 years ago, and they are now going back opening more branches in the rural areas. On the face of it, this development is likely to threaten the life of rural SACCOs.

In Tanzania, there is a new brand of horizontally and vertically integrated network of SACCOs known as **Dunduliza**. In this network, the principle of cooperation among co-operatives is technically and organizationally put into practice. Groups of SACCOs form local hubs where they access professional services such as accounting, auditing and information and communications technology services. There is more inter-SACCOs lending and the volume of savings and credit is seen from a perspective of the whole network rather than from a single SACCOs.

It is in order to note, here, that networks of co-operative organizations are themselves an extension of putting in real practice the very philosophy of cooperation. They are co-operatives in an extended form. Such networks, just like any co-operative enterprise, help to reduce transaction costs by facilitating knowledge transfer and exchange of resources (Karantininis: 2007). In this way, therefore, network members can enjoy economies of scale and synergy which would, in turn, make them more competitive.

4.6 Non-Farm Enterprise Development

Under conditions of global warming, smallholder agriculture is a risky business when water management systems for irrigation are not in place. This happens in virtually all African countries where the irrigation potential, though high, has never been exploited to the full. As such, alternative means of survival, particularly in the rural areas, are being sought everywhere.

Probably, this explains why there is an increasing focus in literature on the rural non-farm economy (RNFE). The importance of non-farm activities, particularly in developing countries, is indisputable. In Tanzania, for instance, some studies indicate that non-farm income shares are sharply rising (Sundaram-Stukel et al, op. cit.).

In Swaziland, primary agricultural marketing co-operatives are developing alternative structures for transforming some of their willing members to invest in micro and small enterprises. In this process, some members who manage to access loans are provided with hired business sites and invest in trading operations. These non-farm activities will eventually create sustainability of their agricultural enterprises because they will provide services needed by smallholder agricultural producing members in the community.

4.7 Design of the National Financial House for Co-operatives

Africa has two major co-operative enterprises formed by agricultural marketing and financial services. While agricultural marketing co-operatives connect smallholder agriculture with global markets, savings and credit co-operatives connect co-operators with national co-operative financial services. It is critically important that national financial services stability is created and developed from within the country.

In Swaziland, we have observed efforts by the savings and credit co-operative movement, designing the formation of the national co-operative bank where all the SACCOs will be connected. Such a connection will create the national cooperative financial house where agricultural marketing co-operatives can be linked as shareholders and customers. Looked from a global perspective, the Swaziland co-operative bank will be instrumental in providing the needed protection of the members from global financial services replacement. Such a design may, in future, have to link with co-operative insurance into one cooperative house.

4.8 Insurance Product Designs for the Poor

Insurance financial services are quite new in many African countries, and more specifically with the poor. But this does not remove the importance of the industry to co-operative members in Africa. Historically, insurance services products have been available to the rich in most of the countries. The Co-operative Insurance of Kenya has gone beyond the traditional boundaries of the industry by introducing insurance products for the poor. The poor who are connected to such services normally run small industrial co-operatives known as Jua Kali and such people would not become customers of traditional insurance companies. The Co-operative Insurance Company of Kenya, has come close to such co-operative businesses and designed marketable products for them. In this way co-operating out of poverty is possible with insurance protection.

5. The Way Forward

These successes and replicable co-operative stories are current and can be carried out in any co-operative movement in Africa. However, such successes are isolated incidents in a co-operative movement that is at the crossroads of globalization, and yet, wants to design sustainable solutions for its African membership. The co-operative movement in Africa needs a protracted strategy that keeps it on board while, at the same time, mitigating the effects of globalization. The following strategies are needed in that direction.

5.1 Re-creating the National Co-operative Organization

Our recent research (ICA&CCA: op. cit) on Africa has been clear on the fact that national co-operative systems are weak. The weakness is a result of many issues, but two are critical: inward-

looking behaviour of co-operatives while striving for business efficiency and marginalization of co-operative principles and values, the latter leading to loss of co-operative identity.

But the biggest disadvantage of not having a strong national co-operative organization is a loss of many opportunities for co-operative development in Africa. The isolated success stories (Sizya and Tiruhungwa: op. cit) and initiatives could easily be replicated if we had strong national organizations.

It is our firm contention that the challenges of globalization can be addressed more scientifically and effectively with a strong national structure in place than the way it is today. Such a national organization will have the opportunity to interact with all critical national organizations and individual stakeholders to present the national co-operative agenda and concerns more effectively.

5.2 Advanced Human Resource Development Capacity

The African Co-operative Movement needs trained co-operative managers and leaders. It is not just the skills to manage business, but we need co-operative managers with advanced and postgraduate training in co-operative studies. Over the last 60 years, co-operative training has witnessed the proliferation of trained technicians at the lower and middle level management capacity. This kind of qualification is still needed, but the global economy demands more than this. It needs both thinkers and designers to manage our co-operative organizations.

The Moshi University College of Co-operatives and Business Studies is creating that kind of specialized advanced management capacity, producing graduates and post graduate students in Co-operative Management, Co-operative Development and Co-operative Business. The future co-operative organization in Africa is design-based and will need the services of highly qualified designers, thinkers and researchers developed on the African soil.

5.3 Member Empowerment

One of the advantages of the co-operative enterprises system, is its adaptability through history. They carry a vision of flexible business (Co-op. College: 2007) so that if they were in coffee marketing yesterday, they can switch to onion marketing tomorrow and co-operation continues. The factor which does not change is membership guided by a humanistic value system.

Throughout the changes brought by globalization, membership and member empowerment have become even more critical to the sustainability of the cooperative enterprise system than before. While member education, training and information exchange have been part of the member empowerment process, this process has faced two major challenges in modern times. Firstly, it lacked funding for

member empowerment programmes. Usually, the budgets for member education have been minimal; hence, very few members have taken part in the empowerment programmes.

Associated with this problem, however, is the manner in which the now popular leadership programmes are being funded at the expense of member education. It has often been the case that when there is funding for member education, it often goes for leadership training. The risk of too much leadership training at the expense of member education, is giving more power to the leadership for exercising member disempowerment.

The second argument against the history of member education is its content and process. Member education has been given, devoid of member empowerment practice. It is the old pedagogical approach to education. Member education is provided through an elaborated banking of official information about co-operatives, rights and obligations of members, co-operative legislation and the need for audit and supervision of co-operative societies, etc.

Under this approach, member empowerment has never been included in the curriculum. The appropriate member education is where members are trained to question the and provided with tools for problem-solving in their co-operative movement; they are trained to ask 'why?'. Member education without member empowerment is usually passive. It perpetuates submissive members-where members are readily rendered submissive to the existing powers even if those powers are disempowering.

Our strong proposition is that future member education programmes need to integrate member empowerment processes if we want to make membership meaningful in the context of Globalization.

6. Conclusion

In this brief discussion, we have tried to show the negative effects of globalization. We also argued that globalization is a challenge to sustainable cooperative development in Africa. We have tried to show some positive initiatives taken by co-operative organizations in addressing the challenges of globalization.

More permanent solutions for co-operative development in Africa lie on how the movement strengthens its national structure as a major voice for the cooperative movement. Such a national house and voice will, not only, project the concerns of the entirety of the co-operative movement in Africa, but more important, will protect the poor co-operative members against the negative effects of globalization.

But the movement cannot be strong by creating a national organization alone. It must be based on highly trained leadership and management and driven by objective member empowerment. Our considered view is that it is the appropriate mix of the above that will produce a co-operative movement capable of playing its rightful role in a rapidly changing world - a world driven mostly by the dictates of globalization.

REFERENCES

- Chachage, S. (2002) (ed.), *Local Perspectives on Globalization*. University of Dar es Salaam, DUP, Dar es Salaam.
- Chambo, S. A. (2005). *Globalization and the Future of Co-operatives in Tanzania*. Seminar Paper presentation, Moshi University College of Co-operative and Business Studies, Moshi.
- Co-operative College UK. *Building a Movement through Co-operative Research*. United States Chamber of Commerce, Washington DC, May 31, 2007.
- Edigheji, Omano and Adekunle Amuwo (2008). *No Credit Due: The World Bank and IMF in Africa*, Occasional Paper No. 60, Institute for Global Dialogue.
- FAO Corporate FAO (1995). *Co-operatives: Has their time come or gone*. FAO Document Repository, Economic and Social Development Department.
- ICA & CCA (2007), *An Analysis of The Socio-Economic Impact of Co-operatives in Africa and Their Institutional Context*. A Research Report implemented as part of the project on *The Enabling Environment for Co-operatives in East, Central and Southern Africa*.
- International Labour Organization (ILO) (1993). *Structural Changes in Cooperative Movements and Consequences for Cooperative Legislation*. Geneva.
- Karantininis, Kostaz and J. Nilsson (2007) (eds.). *Vertical Markets and Cooperative Hierarchies*. Springer Netherlands.
- Munive, Jairo (2008). *The Danish Africa Commission's Focus on Youth*. The Danish Institute for International Studies (DIIS) Brief, Copenhagen.
- Rause, J. (1996). *Rural Peoples' Participation in Liberalized Market Economy: Recent FAO Experience*. Rural Institutions and Participation Service, SD Dimensions. Food and Agriculture Organization, Rome.
- Roy, Sumit (2005). *Globalisation, ICT and Developing Nations: Challenges in the Information Age*. Sage.
- Sizya, M. J & R. M. Tiruhungwa (2006) (eds). *Member-Initiated Reforms in Agricultural Marketing Cooperatives in Tanzania*. *Research Reports Series*, Special Issue, Vol. 1, 2006.
- Sundaram-Stukel et al. (2006),
- Tiruhungwa, R. M. (2009). *The Growing Inclination towards a Rural Non-Farm Economy: Is the Future of Agriculture in Tanzania at Crossroads?* Unpublished Research Report.
- UNDP (2002). *Deepening Democracy in a Fragmented World*. Human Development Report — 2002. New York.
- UNDP (2005). *International Cooperation at Crossroads: Aid, Trade and Security in an Unequal World*. Human Development Report — 2005. New York.
- UNAIDS (2008). *AIDS Outlook/09*, UNAIDS World AIDS Day Report
- World Bank *et al* (2009). *Gender in Agriculture Sourcebook*. Washington DC