

The Role of Cooperatives in Social and Economic Development in Botswana

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Presentation outline

- Introduction
- Evolution of the Cooperative movement in Botswana
- Institutional Structure of Cooperatives in Botswana
- Performance and contribution of Cooperatives to development
- Challenges and opportunities for cooperatives
- Conclusion

Introduction

- Diamonds still the mainstay of economy contribution 30% of GDP
- Population size= 2 038 228
- Number of registered cooperative societies=170
 - 124 trading primary cooperatives
 - 42 savings and credit cooperatives
 - 4 secondary cooperatives
- Membership =86 300
- Share capital=p13 780 087

Evolution of the Cooperative movement in Botswana

- Cooperative were introduced by the colonial government
- First attempt was in 1910
- Done through the Cooperative Agricultural Society proclamation (CASP)
- In 1962 government enacted the cooperative society law

Structure of the Cooperative Movement in Botswana

- Two tier system
 - Primary cooperatives and
 - Secondary cooperatives
- This led to the establishment of
 - Department of Cooperatives and
 - The coop movement

Mandate and responsibility of the department of Cooperatives

- Promotion of cooperative growth and development
- Supervision and audit of primary cooperatives
- Provision of technical advice to the cooperative movement
- Provision of training and education of staff, management committee members and members of primary cooperatives

Institutional structure of coop movement

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- A three tiered system as provided for by the National policy for cooperative development
- Primary cooperatives at the bottom
- Secondary/regional cooperatives
- National associations at the top

Membership of the Coop Movement

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- Consumer cooperatives
- Agricultural marketing
- Supplies cooperatives
- Savings and credit cooperatives
- Producer cooperatives
- Thrift loan cooperatives

Role of government in the development of cooperatives

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- To create an enabling legislative and policy environment for cooperatives
 - Cooperatives are linked to the government through the department of cooperative development
 - Government guides and controls them through the department
- Coops were seen as instruments for promoting economic development in rural areas

The Cooperative societies Act

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- Registering cooperatives whose objectives promoted interests of members in accordance with cooperative principles
- Facilitating efficient operation of such cooperatives
- Auditing or causing to be audited accounts of every cooperative
- Liquidating any registered cooperative

Contribution to Development: Education

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- Provide education and training to the cooperative movement and the general public
- Provide high quality advisory services to the coop movement
- Equip trainees with business skills and expertise
- Provide facilities for cooperative education and training, workshops, courses and seminars

Contribution to Development: Education

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- Government took deliberate action to come up with an institution (Cooperative development centre plays a critical role in training)
- Increased capacity for residential courses
- Four classes which can take up to 40 participants
- Accreditation enhance quality and status

Contribution to Development: Poverty Eradication

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- Cooperatives seen as central to government poverty eradication schemes
- Tied to vision 2016
- Within the top 3 priority areas for the MTI

Contribution to Development: Employment creation

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- Currently no official data on persons employed directly by the cooperatives
- However, they employ managers, accountants, administrative staff and support staff

Contribution to Development: Employment creation

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- Number employed by cooperatives vary with size and performance of each cooperative
- Large performing cooperatives employ administrative and support staff than small and poor performing ones

Challenges faced by the Cooperatives

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- **Changing Domestic Business Environment**
 - Cooperatives face stiff competition from Economic Diversification Drive Businesses (EDD) which are producing globally competitive goods and services
- **Changing Regional and International Trade Environment**
 - Existence of trade blocks such as Southern African Customs Union(SACU), Southern African Development Community (SADC), COMESA-EAC-SADC Tripartite Free Trade Area poses a threat to cooperative businesses.

Challenges faced by the Cooperatives

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- **Mismanagement and fraud**
 - From management, employees, cooperative Board of directors and some staff members of the department of Development
- **Inadequate member Commitment**
 - Manifested in poor attendance of meetings
 - Inadequate patronage

Challenges faced by the Cooperatives

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- **Under capitalization**
 - Most cooperative are under capitalised and therefore unable to respond competitively to market changes
- **Natural Disasters**
 - Drought and the outbreak of animal diseases the performance of producer and cattle marketing cooperatives

Challenges faced by the Cooperatives

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- **Attraction and retention of skilled employees**
 - As small and medium businesses not able to competitively attract and retain skilled and experienced employees

Opportunities for Cooperatives

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- **Non-traditional Cooperative Businesses**
 - Provision of cleaning services
 - Low and medium cost housing in the districts
 - Repairs and maintenance
- **Privatization of Non-core Public Sector Functions**
 - Outsourcing and privatization could benefit cooperatives
 - Joint ventures—especially partnering with private investors

Conclusion

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- Overall cooperatives have had poor performance and highly dependent on government
- Their economic output is small
- Have not been able to build a well patterned structure of self management at all levels

Conclusion

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- **However, the future seems bright for cooperatives because of**
 - Government is committed to resuscitating them and there is clear recognition
 - The Cooperative Bill is in the process of going to parliament
 - A transformation strategy is being finalised