

## A GLANCE AT THE STATE OF THE CO-OPERATIVE MOVEMENT IN ZAMBIA

BY: Dr. Peter Kaumba Lolojih

### BACKGROUND

- First Co-operative (1914) by settler farmers >> marketing agricultural produce to the new copper mines
- Co-operatives, private entities >> felt need of members > under colonial policy of protecting settler community
- Overtime, co-operatives emerged among indigenous Africans > through a Co-operative Ordinance, colonial government forced to recognize (1947)
- Following Independence (1964), government took active role through Dept. of Marketing and Co-operatives
- 1947 Ordinance repealed; 1970 Co-operative Societies Act enacted – more government influence on co-operative activity.

### ZAMBIA CO-OPERATIVE FEDERATION (ZCF)

- 1973 – ZCF formed as apex body; took over marketing & distribution of agricultural produce from NAMBOARD (1989)
- Branches and depot networks countrywide with a labour force of over 5,000
- Strong economic base; very important role in co-operative development up to 1991
- Three income sources: transport, **pest control**, & agro-business
- Well-recognized and respected by co-operators

### STRUCTURE, REGISTRATION & MEMBERSHIP

- Four tier structure >> Primary Co-operative Societies affiliated to a District Co-operative Union (DCUs); DCUs affiliated to a Provincial Co-operative Union (PCUs); and PCUs affiliated to the ZCF
- Department of Co-operatives is the regulatory agency; at national level >> registrar of Co-operatives for registration of co-operatives
- 16,133 registered co-operatives as at October 2008 >> with 4,210 having been registered between 2003 and 2007
- Co-operatives registered in latter period were 47% (agricultural); 36.5% (multipurpose); 16.5% credit/savings & others

### CO-OPERATIVE REGISTRATION (2003-2008)

S/N	TYPE OF CO-OPERATIVE	REGISTERED NUMBER					TOTAL
		2003	2004	2005	2006	2007	
1	Agricultural	533	232	413	481	321	1980
2	Multi-purpose	145	78	161	345	808	1537
3	Savings and Credit	12	0	5	8	5	30
4	Others	192	70	132	129	140	663
	<b>GRAND TOTAL</b>	<b>882</b>	<b>380</b>	<b>711</b>	<b>963</b>	<b>1274</b>	<b>4210</b>

### Co-operatives by performance – N/Province *Department of Co-operatives survey (2006-2008)*

- 1,238 registered co-operatives with majority (207) in Mbala district and the minority (23) in Chilubi district
- The majority 906 (73%) were classified as "Non-enterprising"
- Only a total of 146 (12%) were active, and classified as "successful" (7) or "emerging" (139) with a total of 7,157 members >> 49 members per co-operative on average
- 127 were classified as "defunct" while the status of the remaining 59 was unknown
- Situation in other parts of the country was considered not significantly different

### IMPACT OF LIBERALIZATION

- The 1970 Co-operative Societies Act repealed replaced with the 1998 Co-operative Societies Act
- Hand of government swiftly withdrawn; survival of co-operatives became dependent on individual co-operators
- Co-operatives failed to cope with policy changes and general expectations of a liberalized economy
- Past dependence on government commissions (marketing maize) contributed to failure of co-operatives to cope with liberalization

### IMPACT OF LIBERALIZATION

(Continued)

- Co-operatives lost the market monopoly and were consequently exposed to competition, something they were not used to
- Economic base of ZCF weakened – marked downturn its capacity and economic performance
- Weak financial base made it difficult for ZCF to effectively play its role in e.g. staff training, advocacy, and as an effective source of information for its members
- Networking and visibility of ZCF at the international level was adversely affected >> could not afford to regularly pay affiliation fees to international bodies

### CURRENT SITUATION

- Over 28,000 Primary Co-operatives mostly in the Agricultural sector; MAL carrying out an inventory to determine exact number
- 80% (estimate) of co-operatives considered non-enterprising, defunct or status not known; determination of the actual status of co-operatives is in the process
- Co-operatives' contribution to employment creation difficult to determine due to the poor state they have been exposed to for many years – government is very optimistic
- Challenges include insufficient membership commitment and finances; poor road infrastructure; mistrust between men and women especially by "women only" co-operatives; and private sector competition
- ZCF forward looking >> spent over K5 billion to procure inputs last farming season; plans underway to include acquisition of farming implements for the 2012/13 season; efforts being made to increase its fleet of trucks

### GOVERNMENT RESPONSE

- Approved the National Co-operative Development Policy (NCDP) in recognition of the various problems the co-operative movement has gone through since liberalization of the economy
- Objectives and strategies of the NCDP have great potential to enhance growth and sustainability of the co-operative movement
- Commitment to reviewing and/or amending the Co-operative Societies Act No. 20 of 1998
- Embarked on the process of identifying non-performing co-operatives with a view to de-registering them
- Intention to introduce a Co-operative Recapitalization Fund in the 2013 budget

### CONCLUSION

- Co-operative movement is generally weak
- Most co-operatives are either defunct or non-performing, with a very weak financial base
- Co-operatives' contribution to employment creation is literally unknown
- Inability to regularly hold AGMs has stifled democratic governance of co-operatives
- The "collapsing" of the co-operative movement is a manifestation of fragile institutions whose internal organization was not robust enough to withstand the policy reforms of the early 1990s
- Recent Government and ZCF efforts hold great promise for the co-operative movement

### WAY FORWARD

- Government's commitment, as envisaged in the NCDP, must be accompanied by concerted practical action.
- The development of relevant materials for the training of co-operators, and the actual commencement of training should be addressed as a matter of urgency.
- Government's quest to create an enabling institutional and legal environment should be approached *cautiously* to avoid building a mentality of dependence in the co-operative movement
- A '*forensic*' examination of the Co-operative Societies Act No. 20 of 1998 must be top on Government's agenda to ensure its quick review so that existing legislation and the new NCDP effectively compliment each other

**THANK YOU FOR LISTENING**