Chapter 7
The State of Cooperatives in Rural Africa: Drawing Lessons for South African Cooperative Movement

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ABSTRACT
This chapter examines the relationship between the rural development and cooperative movement and the implications of such a relationship in terms of addressing socio-economic challenges in Africa and still upholding the cooperative ideals, principles, and values. The chapter starts off by conceptualising cooperatives followed by the evolution of cooperatives in Africa with specific focus on opportunities and challenges faced by cooperative enterprises in addressing socio-economic challenges in rural Africa. A brief history of selected case studies such as Ghanaian and Kenyan cooperative movements are highlighted. The historical account is followed by an overview of cooperative movement in the context of South Africa. In addition, lessons are drawn from selected cases for South African cooperative movement and finally the concluding remarks. This chapter makes use of case studies as the core research method.

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INTRODUCTION AND BACKGROUND TO THE CHAPTER

There are multiple challenges facing cooperatives in rural Africa, including mass democracy which tends to degenerate into bureaucracy (Davis, 1997). More importantly, the failure of African cooperatives is due to the continued adoption of traditional top down bureaucracy state interference and the detachment from communities (Kangara, 1996). For Africa to escape the deprivation trap, strategies such as cooperatives have to be strengthened to combat unemployment and inequality. Co-ops as networks of social relations which apart from the alternative mode of socio-economic ills (Merrett & Walzer, 2004) could also provide a sense of purpose and identity with Ubuntu-based social capital being the fundamental pillar. In this regard, Merrett and Walzer (2004) argue the co-ops are preferred for their ability to unite communities while promoting economic growth. Given both the successes and failures attached to cooperatives in Africa, the chapter further draws lessons for South Africa in its quest to build a vibrant, responsive and effective cooperative movement. The author argues that the enactment of Cooperative Act (2005) in South Africa demonstrates the state’s commitment to use alternative models to address the socio-economic situation. However such a move could thwart the emergence of cooperative movement as a social movement with its own autonomy, free from political interference. The chapter is divided into four sections. The first section lays out the theoretical background of the cooperatives and the evolution of co-ops in Africa as well as their challenges and opportunities. Secondly, it profiles case studies from Ghana, Kenya and South Africa. The third section focuses on lessons for South Africa drawn from Ghanaian and Kenyan cooperative movements. The fourth and last section is based on future research directions followed by the concluding remarks.

BACKGROUND

The adverse effects of globalization and its underlying principles such as privatization, deregulation and trade and financial liberalization (Primo & Taylor, 1999) including the impact of structural adjustment Programme (SAPs) the poor and the marginalized especially in the Third world are left destitute and underdeveloped. In this regard, the World Summit on Sustainable Development (2002) noted that African governments seem to be at a loss in terms of strategies they can adopt to guide people around the crisis by its internal problems and globalization towards sustainable development through form of good governance and sound management practices. The eradication of poverty and managing development that creates opportunities for the poor remain a challenge in Africa hence the World Summit on Sustainable Development (2002) argues that the management of poverty should not only be for poverty eradication
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