

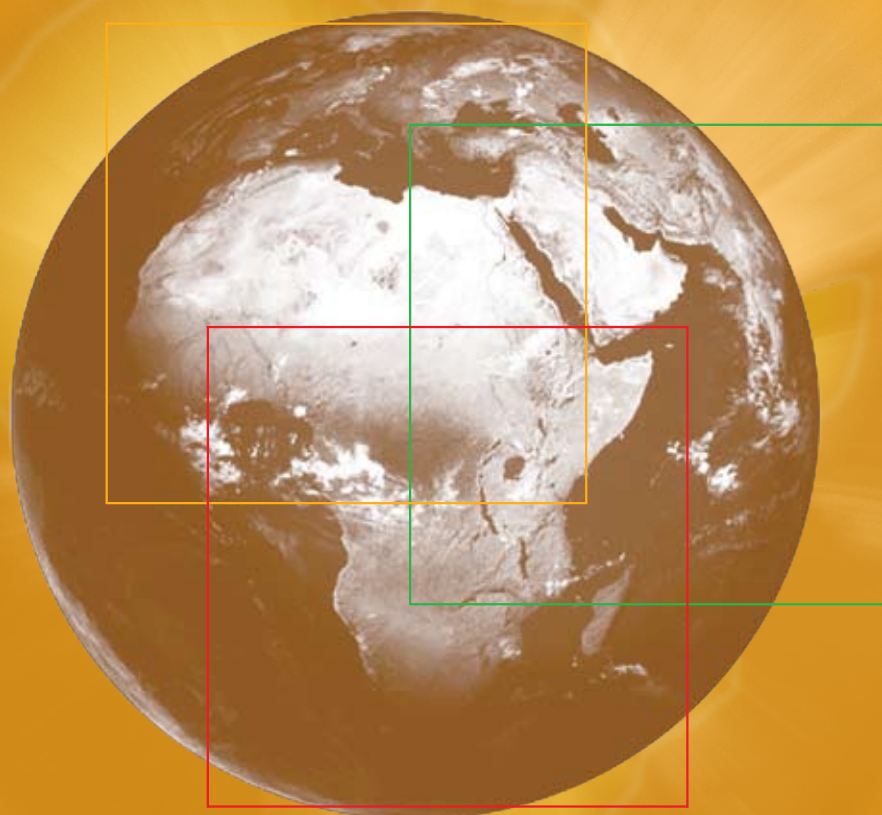


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Coop^{AFRICA} Working Paper No. 13

Economic empowerment of Swazi society through cooperative development

Charles Hlatshwako





The Cooperative Facility for Africa (Coop^{AFRICA}) 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.

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ILO Country Office for the United Republic of Tanzania, Kenya, Rwanda and Uganda

Coop^{AFRICA}

Kazi House, Maktaba Street

P.O. Box 9212

Dar es Salaam

United Republic of Tanzania

Tel: +255.22.2196700

Fax: +255.22.2122597

E-mail: coopafrica@ilo.org

www.ilo.org/coopafrica

International Labour Office

Cooperative Programme (EMP/COOP)

4, route des Morillons

1211 Geneva 22

Switzerland

Tel: + 41.22.7997445

Fax: +41.22.7998572

E-mail: coop@ilo.org

www.ilo.org/coop



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2010

Series on the status of cooperative development in Africa

Coop^{AFRICA}
Cooperative Facility for Africa
ILO Country Office for the United Republic of
Tanzania, Kenya, Rwanda and Uganda
Cooperative Programme (EMP/COOP)
Job Creation and Enterprise
Development Department
(EMP/ENT)
Employment Sector

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First published 2010

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ILO Cataloguing in Publication Data

Hlatshwako, Charles

Economic empowerment of Swazi society through cooperative development / Charles Hlatshwako ; International Labour Office. - Dar es Salaam: ILO, 2010
1 v. (CoopAFRICA working paper ; no.13)

ISBN: 9789221225683;9789221225690 (web pdf)

International Labour Office

cooperative movement / cooperative development / Swaziland

03.05

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Printed in Tanzania

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List of acronyms

AGM	Annual General Meeting
CCU	Central Cooperative Union
CEO	Chief Executive Officer
CODEC	Cooperative development centre
CoopAFRICA	Cooperative facility for Africa
ICA	International cooperative alliance
ICT	Information and Communication Technology
IMF	International Monetary Fund
NGO	Non Government Organization
SACCOs	Savings and Credit Cooperatives
SASCCO	Swaziland association of savings and credit cooperatives
SCC	Swedish Cooperative Centre
SWAFCU	Swaziland farmer's cooperative union
SZL	Swazi Lilangeni
USD	United States Dollar
WOCCU	World council of credit unions

Acknowledgments

The author takes this opportunity to express his sincere appreciation to individuals who have made significant contributions to this working paper. Firstly, he extends thanks to his superiors for their comprehensive and constructive critiques of this paper, and work colleagues that have made many helpful suggestions for this paper and previous papers. The author also gratefully acknowledges the permission given by government officials, the Department of Cooperatives and SASCCO for use of material from their official documents. Thanks is also given to secretarial support.

The author expresses appreciation to Coop^{AFRICA} for their support and cooperation. In particular, comments, suggestions and other inputs provided by Emma Allen, Grace Dlulu, Mduduzi Matsebula, Elizabeth Mwakalinga, Ignace Pollet, Philippe Vanhuynegem and Fredrick Wanyama are gratefully acknowledged.

About the author

Charles M. Hlatshwako; MBA (student); B.Com; PGCE; is a lecturer at the Cooperative College of Swaziland, where he has been teaching cooperative marketing for 13 years. He has wide experience in cooperative matters, including cooperative organisation and management, business administration and cooperative education and training. He has a Bachelor of Commerce and a Post Graduate Certificate in Education from the University of Swaziland and an MBA from the Eastern and Southern Management Institute (ESAMI) in Arusha, Tanzania. He has served as a board member of a savings and credit cooperative for more than four terms, on committees including credit, education and supervision. He is married to Patience and they have three children, two girls and one boy.

Executive summary

There has been a negative perception concerning the development of the cooperative movement in Swaziland in the recent years. Critics have referred to the collapse of the Central Cooperative Union (CCU) of Swaziland, the incomplete building project of the Swaziland Association of Savings and Credit Cooperatives (SASCCO) and the failure of Asikhutulisane's Sentra Supermarket, among others. Cases of poor performance have suggested that the cooperative movement in Swaziland has been fading. This paper attempts to respond to critics by providing qualitative insights into the strengths and weaknesses of the cooperative movement in Swaziland, with the view to assessing the potential and actual impact of cooperatives on poverty reduction through job creation, generation of income, social protection and representation of people, especially the vulnerable groups, in society.

The paper shows that the cooperative movement in Swaziland is relatively small when compared to other African countries, and its growth has been fluctuating over the years. The decline in the number of cooperatives has been noticeable in the agricultural sector, though most of the cooperatives in the country are in this sector. Savings and credit cooperatives (SACCOs) are still emerging, but they have recorded better growth than the latter.

Despite the fluctuations in its growth, the cooperative movement in Swaziland has been credited with contributing to poverty reduction. However, the extent of their contribution has been hindered by some challenges. For instance, the movement has generated some jobs from its activities, but the jobs created have largely gone to men. It is also worth noting that cooperative members reportedly have advantages over the non-members because these organizations give opportunities to generate income for improving on their living conditions. Although, the official involvement of the cooperative movement in poverty reduction programmes at the national level has been insignificant. Indeed, as in other countries, cooperatives in Swaziland have not expressly made poverty reduction a priority in their agenda. The significance of cooperatives in providing social protection to its members and the general public has also been minimal.

With regard to representation of people in civic matters, the collapse of CCU and the financial instability that faces SASCCO have adversely affected the visibility of the cooperative movement at the national level, with the result that the movement at large has had a timid voice in policy circles. The weaknesses of the cooperative movement in representation of its members may also be attributed to the political system in Swaziland, which does not allow cooperatives to speak on behalf of their members on issues that do not relate to cooperative business. It is surprising that even cooperatives' annual general meetings and special general meetings are only allowed to take place with the approval of the Commissioner of Police, and police officers have to be present to monitor all discussions taking place in such meetings.

The paper, therefore, concludes that the growth and performance of the cooperative movement in Swaziland has not been stable and this has adversely affected its contribution to poverty reduction. Nevertheless, as is the case in other African countries, the growth of SACCOs is a clear indicator that there is potential for improving the status of the cooperative movement and enhancing the capacity of the movement to contribute to poverty reduction.

1. Introduction

There has been a negative perception in regard to the development of the cooperative movement in Swaziland in the recent years. Critics have referred to the collapse of the Central Cooperative Union (CCU) of Swaziland, the incomplete building project of the Swaziland Association of Savings and Credit Cooperatives (SASCCO) and the failure of Asikhutulisane's Sentra Supermarket, among others. Cases of poor performance have suggested that the cooperative movement in Swaziland has been fading. However, not all cooperatives in Swaziland have been performing poorly and most of them have not collapsed. Therefore, the current negative publicity ought to be investigated with a view to ascertaining the actual status of cooperatives in the country.

The purpose of this paper is to obtain qualitative insights into the strengths and weaknesses of the cooperative movement in Swaziland, with the view to assessing the potential and actual impact of cooperatives on poverty reduction through job creation, generation of income, social protection and representation of people, especially the vulnerable groups, in society. It is hypothesized that the contribution of cooperatives to poverty reduction depends on their scope, vibrancy and sustainability.

1.1 Methodology

The study adopts qualitative assessment methods, and therefore datum for this paper were collected through interviews with key informants from the cooperative movement, using semi-structured interview questions. The interviews were conducted at the national and local levels. At the national level, respondents were purposively sampled from three institutions, namely:

- The Office of the Commissioner for Cooperative Development in the Ministry of Commerce, Trade and Industry;
- The Swaziland Association of Savings and Credit Cooperatives (SASCCO);
- The Cooperative College of Swaziland.

At the local level, one primary cooperative was visited to assess the extent to which the national cooperative organizations were serving its needs and interests. The services that the primary cooperative provided to its members were also assessed. The cooperative that was purposively sampled for this visit was the Sibonelo Savings and Credit Cooperative Society.

1.2 Guide to the working paper

This section has provided the introduction to the paper. Section two discusses the organization and status of the cooperative movement in Swaziland. The third section assesses the contribution of the government to cooperative development, while section four highlights the contribution of cooperatives to social protection

and representation of members as well as the general public on civic matters. The last section draws a conclusion for the paper.

2. The cooperative movement in Swaziland

2.1 Primary cooperatives

Just like the size of the country, the cooperative movement in Swaziland is relatively small when compared to that of other countries such as Kenya. According to the recent national elections statistics, approximately 400,000 Swazi were over 18 years old and, therefore, eligible to vote. This is also the number of people who qualify to be members of cooperatives, as the law requires that members of cooperatives should be 18 years and above. It is estimated that 10.5 per cent of the adult population in Swaziland are members of cooperatives. This translates to a cooperative membership of plus or minus 42,000 people. This membership largely belongs to two types of cooperatives that are predominant in Swaziland: agricultural/multipurpose and savings and credit cooperatives (SACCOs).

At the end of 2007, there were 167 registered primary cooperatives in Swaziland; 98 of which were agricultural/multipurpose and 69 were SACCOs. This shows that most of the primary cooperatives in the country are in the agricultural sector. The growth of the cooperative movement has also been fluctuating over the years. For instance, in 2001 there were 241 registered primary cooperatives in Swaziland. The number drastically reduced to 229 in 2002, and by 2007 the number had further fallen to 167 (Department of Cooperatives, 2009). The decline in the number of cooperatives is particularly noticeable in the agricultural sector, as illustrated in Table 1 below.

Table 1: The status of marketing and multipurpose cooperatives, 2005/2007

Status of the cooperative	2005	2006	2007
Registered	100	109	98
Active	60	60	52
Inactive	40	49	46
Membership	3727	3549	3884
Share Capital (in SZL)	1 887 631	2 473 208	1 634 981
Purchases (in SZL)	22 092 418	21 876 918	20 459 801
Turnover (in SZL)	43 369 101	40 112 977	57 213 671

Source: Department of Cooperatives (2007: 19)

It is noticeable that the number of agricultural/multipurpose primary cooperatives generally declined during the period under review. The number of active cooperatives also reduced as a substantial number of these cooperatives slipped

into dormancy. However, the membership and turnover of these cooperatives has generally improved.

Though SACCOs are less in number than the agricultural/multipurpose cooperatives, they have recorded better growth in recent times. In 2001, these cooperatives increased from 51 to 61, with a deposit of SZL 152 million (USD 19.9 million) and a loan portfolio of SZL 145 million (USD 19.7 million)¹ (Department of Cooperatives, 2009). Table 2 provides data on the status of SACCOs in Swaziland between 2005 and 2007.

Table 2: The status of Swazi SACCOs, 2005/2007

	2005	2006	2007
Registered	60	65	69
Active	53	55	56
Inactive	7	10	11
Membership	38 769	39 592	38 802
Share capital (in SZL)	20 244 799	20 957 191	12 685 069
Deposits (in SZL)	344 072 421	368 747 210	400 730 300
Loans (in SZL)	258 067 805	295 003 294	329 509 738
Delinquent (in SZL)	-	12 252 905	19 845 572

Source: Department of Cooperatives (2007: 19)

Data in Table 2 above indicates a steady increase in registered SACCOs during the period under review. However, SACCOs were adversely affected by retrenchment of staff in the public sector that was occasioned by the implementation of structural adjustment programmes. This led the membership to reduce by 790 and the shareholding also to reduce by SZL 8.3 million (USD 1.1 million) in 2007. Despite the adverse consequences of retrenchment, there is still a steady growth in SACCOs as evidenced by the increase in deposits by SZL 32 million (USD 4.3 million) in 2007.

Besides the registered primary cooperatives, there are also some unregistered cooperatives operating in Swaziland. Among these are eight SACCOs and 26 agricultural/multipurpose cooperatives (Department of Cooperatives, 2007). In addition, there are 834 cooperative-like organizations that do not bear the name cooperative. These organizations reportedly have a membership of 6,721 female and 629 male members.² There could be more of these organizations in the country, but their informal nature has concealed both them and their activities.

¹ This conversion is based on an average exchange between July-December 2009, calculated at 1 USD = 7.65 SZL

² Information derived from an interview with World Vision Swaziland.

2.2 *Cooperative unions and federations*

Cooperative organization in Swaziland has been weak at the secondary and apex levels. This has been attributed to the failure of the cooperative unions to mobilize primary cooperatives under them to function as a unit. The cooperative unions, which also serve as federations of the two main types of cooperatives in the country, are the Central Cooperative Union (CCU) and the Swaziland Association of Savings and Credit Cooperatives (SASCCO).

SASCCO was founded in the 1980s and is a registered secondary cooperative in accordance with the Cooperative Societies Act of 2003. Currently, SASCCO has 41 SACCOs affiliated to it, 35 of which are active. It is governed by a Board of Directors elected by affiliate members who attend its Annual General meetings (AGMs). The Board is composed of ten members, including the Chief Executive Officer (CEO) who serves as an ex-official member. SASCCO has ten employees, including the CEO. However, SASCCO has a high rate of staff turnover, which is largely due to absence of a CEO, after the resignation of the previous one in 2007. SASCCO is also not stable partly due to the weaknesses in its membership. As already mentioned, the strength of SACCOs is declining due to retrenchment of staff in the public sector. The consequences have seen SACCOs reduce their commitment to SASCCO, thereby weakening its financial capacity. Nevertheless, SASCCO continues to offer services to its members, which include training, risk management, group pension fund and a benevolent scheme.

Two major challenges to SASCCO's operations include its failure to complete a building project and financial instability. The SASCCO building that was to provide for the organization's offices and generate some rental income for the cooperative remains incomplete to date. In the meantime, the continuing retrenchment of staff by employers and AIDS-related deaths have adversely affected SACCOs' incomes and subsequently seen SACCOs failing to meet their financial obligation to SASCCO. These two challenges have significantly compromised SASCCO's political influence in the national policy-making arena.

Despite these challenges, SASCCO continues to operate as the federation of SACCOs in Swaziland that is recognized by the Government, the World Council of Credit Unions (WOCCU), the International Cooperative Alliance (ICA), donors, civil society and the labour movement. In the midst of the dismal performance of CCU, SASCCO is considered to be the 'voice' of the cooperative movement in Swaziland, even though it only represents the SACCOs. It has been active in lobbying for favourable policies for SACCOs in Swaziland.

The collapse of CCU and its subsequent liquidation left the agricultural and multipurpose primary cooperatives without a secondary cooperative or a federation to represent them in national matters for some time. However, a new federation to replace the giant CCU has since been formed. This is the Swaziland Farmers Cooperative Union (SWAFCU). But unlike SASCCO, SWAFCU is barely known

within the cooperative movement and is yet to be recognized by the government, ICA, donors, civil society, and the labour movements. As such, SWAFCU cannot be considered a ‘voice’ of the farmers’ cooperative movement that is capable of lobbying for favourable policies for the movement as yet.

2.3 *The Cooperative College of Swaziland*

The Cooperative College was established in 1976 under the initiative of the Swedish Cooperative Centre (SCC) and the ILO as the Cooperative Education and Development Centre (CODEC). This initial name was intended to demonstrate its role in supporting cooperative development through education. The Centre’s name was changed to the Cooperative College approximately four years ago by its management. However, in the field, almost all stakeholders continue to refer to the College as CODEC.

According to officials of the cooperatives that were interviewed, the Centre carried out the function of educating and training the cooperative movement well in its early years. This has significantly changed in recent years, with key stakeholders holding the view that the College has failed to satisfactorily play its role in cooperative education and training. This has led some of the stakeholders to organize alternative provision of such services. For instance, SASCCO is now employing its own trainers to offer training services to its members. Nevertheless, it is worthwhile to note that by 2002, 229 primary cooperatives had trained their staff and management committee members in cooperative leadership and management at the Cooperative College of Swaziland. Similarly, the College had trained 600 graduates in both long- and short-term courses.

The College has a large residential campus in Ezulwini Valley, located approximately half way between Manzini and Mbabane, the capital city of Swaziland. The campus is adjacent to that of the National Handicrafts Training Centre, a joint initiative of the Government of Swaziland and the Government of Taiwan. The Handicrafts Training Centre has excellent computer training facilities and Taiwanese tutors that teach information and communication technology (ICT) courses. This could form the basis for collaboration between the Centre and the College, in order to raise the ICT skills of the Cooperative College’s staff and students. Indeed, the proximity between these two institutions should also create opportunities for developing joint initiatives to train students at the National Handicrafts Training Centre in skills that could enable them to set up cooperative enterprises. But there are no links at present. This may change given that the two institutions are now housed in the same Ministry of Commerce, Trade and Industry.

The college operates as a unit of the Department of Cooperatives and the Principal of the College reports directly to the Commissioner for Cooperative Development. There is neither a statutory board comprising of representatives of stakeholders to run the affairs of the college involving, nor an advisory board. However, the Commissioner recognizes the importance of having an advisory board with

representatives of key stakeholders, and indicated that this had been considered previously but not implemented. The absence of a mechanism for directly involving key stakeholders in the management of the college is a significant weakness in the governance and accountability of the institution.

The staff of the College are employed in the civil service and working at the College appears to be part of a career path that progresses all the way to the top of the government agency that promotes cooperative development. For example, the last principal of the College was appointed as an assistant commissioner of cooperatives approximately two years ago. Since then lecturing staff have been serving as acting principals on a rotation basis for four months each. This appears to be a way of avoiding the legal requirement that anyone who acts in a position for six months automatically assumes a permanent appointment. Clearly, the absence of a principal for the last two years is a major weakness of the college. As it is at the moment, there are no clear mechanisms for accountability. The college is effectively operating with a full cost base, but without students. It is clear that the Commissioner would like to reconnect the college with its cooperative roots, but this is unlikely to happen until a principal is in place to provide firm leadership to the institution.

There is evidence of a strategic planning process within the Department of Cooperatives, but little evidence of a structured strategic planning process for the College itself. Similarly, there is no evidence of a vision, mission or strategic objectives at the College to inform planning and review processes. There is no evidence of efforts to link the College's strategic direction with wider policies.

The College has some contacts with the University of Swaziland and wishes to be seen as a recognized college. The College also has links with other organizations, including World Vision and other non-government organizations (NGOs) with substantial presence in Swaziland, a number of which support a large number of unregistered cooperatives and self-help groups in the informal economy.

3. The role of the government in cooperative development

The Government of Swaziland has been supportive of cooperative development and it was for this purpose that it established the Department of Cooperatives to steer the development of the movement. The Department was originally housed in the Ministry of Agriculture and Cooperatives, but was recently transferred to the Ministry of Commerce, Trade and Industry. As provided in the new Cooperative Societies Act of 2003, the Department is entrusted with the responsibility of sensitizing, mobilizing and developing cooperatives in the Kingdom and helping to transform them into economic enterprises that can compete with others in the open economy. It is also the responsibility of the Department to implement government policy on the establishment and development of cooperatives under the guidelines of the Cooperative Societies Act. To this end, the Department of Cooperatives is mandated by law to carry out the following functions:

- To register cooperatives that meet the registration requirements and de-register those cooperatives that do not conform to the provisions of cooperative law;
- To promote the development of cooperatives through education and training in cooperative business and management, as well as assist cooperatives in the preparation of business plans and advise on raising or accessing funds;
- To ensure that cooperatives comply with cooperative principles, values and practices;
- To educate and train cooperative staff, management committee members and the general membership through structured courses, seminars, radio broadcasts, newsletters and educational meetings;
- To audit the end of year business transactions or final accounts of primary cooperatives and assist cooperative staff in preparing financial statements, while also helping the movement in the selection of appropriate audit firms;
- To provide up-to-date marketing information to cooperative producers and sellers;
- To resolve disputes by organizing conflict resolution strategies among cooperators and aggrieved parties.

To carry out these functions, the Department of Cooperatives is administratively headed by the Commissioner for Cooperative Development in Swaziland, who is assisted by a deputy commissioner. It is the King's Order in Council of 1975 that changed the title of the Department from Registrar to that of Commissioner for Cooperative Development. The difference between the two positions is that the Registrar was only concerned with the registration of cooperatives, while the new title extended the mandate to include cooperative development.

A side from providing institutional support, the Government of Swaziland has also been responsible for legislation and formulation of supportive policies. The first act, titled the 'Cooperative Societies Act' was passed in 1964. This was revised in 2003 and then became the Cooperative Societies Act of 2003. This was followed by the Cooperative Societies Regulations of 2005, which provided the procedures for carrying out the activities of cooperatives as envisaged by the Act. In 2006, the cooperative societies' by-laws were synchronized to conform to the 2003 legislation. However, interviews with the Commissioner revealed that this piece of legislation is not completely in line with the needs of the cooperative movement, but it does reduce the powers of the Commissioner to control the cooperatives.

But despite the existence of a support legal and policy environment for cooperatives, they continue to fail. With only 36 employees, the Department of Cooperatives has a shortage of staff and it cannot adequately perform its regulatory functions. It is for this reason that the Financial Institutions Act transferred the responsibility of regulating SACCOs from the Ministry of Finance to the Office of the Commissioner, who then delegated responsibility to the Central Bank. This was also encouraged by

a study of SACCOs by the International Monetary Fund (IMF) in 2008. Currently, the regulation of the cooperative movement is split between two institutions. The Commissioner regulates the development aspects of cooperatives, while the Central Bank focuses on the financial aspects. This is due to the inability of the Commissioner's office to adequately regulate the financial cooperatives.

4. Cooperative social responsibility

4.1 Social protection

While the contribution of cooperatives to social protection in Swaziland has been hindered by organizational challenges, the movement in Swaziland has been credited with enhancing social protection through:

- Creating jobs;
- Generating income for the members;
- Reducing poverty and exclusion;
- Providing social protection to the members;
- Representing groups in civic engagements.

With regard to employment creation, it is estimated that the cooperative movement in Swaziland employs approximately 800 people (Department of Cooperatives, 2009). This figure includes persons who are directly employed by cooperatives, staff of the Department of Cooperative Development, indirect employment as well as the self-employed that generate their incomes from cooperative goods and services. The jobs so created have disproportionately gone to men, despite the population's female majority.

A side from job creation, cooperatives have also made it possible for their members to increase their income. Cooperative members reportedly have advantages over the non-members because these organizations give opportunities to improve on their living conditions. For instance, SACCO members can get loans from their cooperatives to pay school fees for their children, build modern houses, start income generating activities and meet other household obligations. There is evidence from Shiselweni region - that is regarded to be one of the poorest regions in the country - that suggests that cooperative membership has lifted out of poverty. Previously, the poor were constrained in their ability to send their children to school, start up businesses, pay bride price, build modern houses and meet other household expenses. However, through the income generating and savings and loan activities of cooperatives people in this region have now had more opportunity to access such things. Nevertheless, the official involvement of the cooperative movement in poverty reduction programmes at the national level has been insignificant and cooperatives have not expressly made poverty reduction a priority in their agenda.

The contribution of cooperatives to provision of direct social protection to its members and the general public has also been minimal. The cooperative movement

has attempted to set-up such provisions, but has seen limited successful in generating sustainable initiatives. One example of social protection is the risk management programme that SASCCO provided to 22 SACCOs. This service was suspended by the SASCCO Board because it was not viable and it was also illegal for a non-insurance institution to provide such services.

A successful example of social protection through cooperatives is the SASCCO group pension fund, in which 17 SACCOs participate. This scheme was set up in 2001 and 75 employees of these cooperatives are currently covered. In addition to these, some SACCOs have set up benevolent schemes for their members, which help members to offset expenses related to illness and death. However, new legislation may see some of the cooperatives withdraw this service, as the Insurance and Retirement Fund Act requires that the funeral schemes be administered by professional bodies that are duly licensed. It is unfortunate that despite a HIV/AIDS prevalence rate of 40 per cent in Swaziland and the loss of members through HIV/AIDS related illnesses, cooperatives are not engaged in any activities for mitigating the impact of HIV/AIDS.

4.2 Cooperative representation

The significance of cooperatives in representing their members in the civic arena has also been waning. The collapse of CCU and the financial instability of SASCCO have adversely affected the visibility of the cooperative movement at the national level, with the result that the movement at large has had a timid voice on civic matters. Nevertheless, it is common for cooperatives in Swaziland to link up with other advocacy organizations, such as trade unions and farmers unions over specific issues including free education for all, poverty alleviation and reduction of social exclusion, HIV/AIDS awareness, child labour and women's rights, among others.

The weaknesses in the cooperative movement in regard to representing its members may also be attributed to the political system in Swaziland that does not allow cooperatives to speak on behalf of their members on issues that do not relate to cooperative business. Cooperatives' annual general meetings and special general meetings are only allowed to take place with the approval of the Commissioner of Police and police officers have to be present to monitor all discussions taking place in such meetings. This is due to the Kingdom's stance against multiparty politics that emerged in 1973, which saw all political parties banned in Swaziland. The outlawing of opposition political parties was further enforced in November 2008, despite the existence of a constitution that allows freedom of association.

In the midst of all the challenges that face the cooperative movement, it is imperative that the leaders of the cooperative movement learn lessons from the past and chart a future for the movement. In this regard, cooperatives should clearly demonstrate that they are the best tools for addressing the crises posed by the global financial crisis and the subsequent economic decline, as well as social challenges that stem from the prevalence of HIV/AIDS, hunger and poverty. The Department

of Cooperatives and all stakeholders should join forces and demonstrate that the solution lies in their hands. On its part, the Government of Swaziland, through the Department of Cooperatives, should respond to the call to support the development of viable cooperatives and other related group formations as per the 2002 ILO Recommendation on the promotion of cooperatives (No. 193). The Government could do this through assisting the cooperative movement to overcome the many constraints they face by creating an enabling and conducive environment for economic growth and social development.

5. Conclusion

It has been the purpose of this paper to obtain qualitative insights into the strengths and weaknesses of the cooperative movement in Swaziland, with the view to assessing the potential and actual impact of cooperatives on poverty reduction. The discussion has shown that the cooperative movement in Swaziland is relatively small when compared to other African countries and its growth has been fluctuating over the years. The decline in the number of cooperatives has been particularly noticeable in the agricultural sector. SACCOs are noticeably less in number than the agricultural/multipurpose cooperatives, but they have recorded better growth in recent times.

Despite the fluctuations in its growth, the cooperative movement in Swaziland has been credited with creating jobs, generating income for the members, reducing poverty and exclusion, providing social protection to the members and occasionally representing people in civic engagements. However, the extent of their contribution has been hindered by some challenges. For instance, whereas the movement has generated some jobs from its activities, the jobs created have disproportionately gone to more men. It is also worth noting that cooperative members reportedly have advantages over non-members because cooperative organizations give opportunities to generate income for improving living conditions. However, the official involvement of the cooperative movement in poverty reduction programmes at the national level has been insignificant. Indeed, as in other countries, cooperatives in Swaziland have not expressly made poverty reduction a priority on their agenda. The contribution of cooperatives to provision of social protection to members and the general public has also been minimal.

With regard to representation of people in civic matters, the collapse of CCU and the financial instability that faces SASCCO have adversely affected the visibility of the cooperative movement at the national level, with the result that the movement at large has had a timid voice in civic matters. The weaknesses of the cooperative movement to represent its members may also be attributed to the political system in Swaziland, which does not allow cooperatives to speak on behalf of their members on issues that do not relate to cooperative business. It is surprising that even cooperatives' annual general meetings and special general meetings are only allowed to take place with the approval of the Commissioner of Police and police officers have to be present to monitor all discussions taking place in such meetings.

It can, therefore, be concluded that the growth and performance of the cooperative movement in Swaziland has not been stable and this has adversely affected its contribution to poverty reduction. Nevertheless, as is the case in other African countries, the growth of SACCOs is a clear indicator that there is potential for improving cooperative status and its capacity to contribute to poverty reduction. The Government of Swaziland, through the Department of Cooperatives, should respond to the call to support the development of viable cooperatives and other related group formations as per the 2002 ILO Recommendation on the promotion of cooperatives (No. 193). The Government could do this through assisting the cooperative movement to overcome the many constraints they face by creating an enabling and conducive environment for economic growth and social development.

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Economic empowerment of Swazi society through cooperative development

Charles Hlatshwako

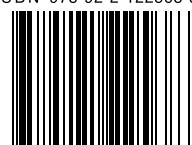
There has been a growing negative perception of the cooperative sector in Swaziland in recent years and the Swaziland Government has found it necessary to address emerging problems. As a way forward the government has transferred the Cooperative Department from the Ministry of Agriculture and Cooperatives to the Ministry of Commerce, Industry and Trade. The Cooperative Department has been tasked with determining the validity of the emerging notion that cooperatives are a failure and that cooperative practitioners are deficient. The collapse of the Central Cooperative Union (CCU) of Swaziland, the incomplete project of the Swaziland Association of Savings and Credit Cooperatives (SASCCO), the failure of Asikhutulisane's Sentra Supermarket, are among cases of poor performance that may have contributed to the negative and unpopular publicity of the cooperative movement in Swaziland. The paper finds that the performance of the cooperative movement remains below expectation, but that there is considerable potential for improving its status in order achieves economic empowerment through cooperative development.

ILO Country Office for the United Republic
of Tanzania, Kenya, Rwanda and Uganda
COOP^{AFRICA}

Kazi House, Maktaba Street
P.O. Box 9212
Dar es Salaam
United Republic of Tanzania
Tel: +255.22.2196700
Fax: +255.22.2122597
E-mail: coopafrica@ilo.org
www.ilo.org/coopafrica

International Labour Office
Cooperative Programme (EMP/COOP)
4, route des Morillons
1211 Geneva 22
Switzerland
Tel: + 41.22.7997021
Fax: +41.22.7996570
E-mail: coop@ilo.org
www.ilo.org/coop

ISBN 978-92-2-122568-3



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