



ABRIDGED VERSION

another battle begun

A HISTORY OF ZIMBABWE'S
COOPERATIVE MOVEMENT 1980 – 2018

**FRIEDRICH
EBERT** 
STIFTUNG

Written by
Albert Vingwe and Jos Martens

Edited by
Isheanesu Chirisa

Published by:
FES-Zimbabwe
6 Ross Avenue, Belgravia
Harare
Zimbabwe

© Friedrich-Ebert-Stiftung Zimbabwe 2019
© Albert Vingwe and Jos Martens

All rights reserved.

No part of the publication may be reproduced, stored in a retrieval system or transmitted in any form by any means – electronic, mechanical, photocopying, recording, or otherwise – without the express written permission of the publisher or authors.

The commercial resale of published brochures, books and general printed matters by the Friedrich-Ebert-Stiftung and the authors gives its explicit and written approval beforehand.

The views expressed herein are those of the authors and not necessarily those of Friedrich-Ebert-Stiftung or the organisations for which the authors work.

ISBN: 978-1-77929-863-8

ABRIDGED VERSION

another battle begun

A HISTORY OF ZIMBABWE'S
COOPERATIVE MOVEMENT 1980 – 2018

Written by Albert Vingwe and Jos Martens
Edited by Isheanesu Chirisa

Table of Contents

ABBREVIATIONS

CHAPTER 1.....	1
1.1 Background	1
1.2 Introduction	2
1.3 Principles of Cooperatives	6
1.4 History of Cooperatives in Zimbabwe	12
1.4.1 Formalisation of cooperatives	16

CHAPTER 2: TYPES OF COOPERATIVES IN ZIMBABWE	37
2.1 Types of Cooperatives	37

CHAPTER 3: FORMATION & GOVERNANCE STRUCTURES OF COOPERATIVES	54
3.1 Institutional Framework	54
3.1.1 <i>The Ministry of Small and Medium Enterprises and Cooperative Development.....</i>	<i>55</i>
3.1.2 <i>Zimbabwe National Cooperative Federation</i>	<i>57</i>
3.1.3 <i>The Central Cooperative Fund</i>	<i>61</i>
3.1.4 <i>Zimbabwe Project, ZimPro.....</i>	<i>62</i>
3.1.5 <i>Zimbabwe Foundation for Education with Production, ZimFEP.....</i>	<i>63</i>
3.1.6 <i>Small Enterprise Development Corporation, SEDCO.....</i>	<i>64</i>
3.1.7 <i>Danhiko Project, DP.....</i>	<i>64</i>
3.1.8 <i>Local Training and Service Institutions</i>	<i>65</i>
3.1.9 <i>Regional Non-Governmental Organizations</i>	<i>65</i>
3.1.10 <i>Other important institutions /stakeholders.....</i>	<i>67</i>

3.2	Legal Framework and Requirements	72
3.2.1	<i>Registration of cooperatives</i>	72
3.2.2	<i>Advantages of registering a cooperative</i>	74
3.2.3	<i>Assets of societies</i>	75
3.2.4	<i>Dissolution of societies</i>	75
3.3	Governance Structure	76

CHAPTER 4: TOWARDS A SUCCESSFUL COOPERATIVE SECTOR99

4.1	Defining success for cooperatives	79
4.2	Fostering success for cooperatives	83
4.2.1	<i>Factors associated with the success of cooperatives</i>	84
4.3	Conclusion	92

CHAPTER 5: THE FUTURE OF COOPERATIVE SECTOR IN ZIMBABWE93

5.1	Way Forward.....	93
5.2.1	<i>The necessity to think utopian: new approach</i>	94
5.2.2	<i>Elements of an alternative approach</i>	95
5.2.3	<i>Being transformative</i>	98
5.2.4	<i>The group level</i>	101
5.2.5	<i>The state level</i>	102
5.2.6	<i>The regional level</i>	103
5.2.7	<i>The African and global level</i>	103
5.3	Final Conclusions	104

ABOUT THE AUTHORS 105

Abbreviations

AAE	Anti-Apartheid Enterprise
ASC	Agricultural Supply Cooperative
AMSC	Agricultural Marketing and Supply Cooperative
CACU	Central Association of the Cooperative Unions
CCA	Canadian Cooperative Association
Cde	Comrade
CUSO	Canadian University Students Overseas
DGRV	German Cooperative and Raiffeisen Confederation
DP	Danhiko Project
ESAP	Economic Structural Adjustment Programme
FAO	Food and Agriculture Organisation
FCU	Fishing Cooperative Union
FES	Friedrich Ebert Stiftung
FTLRP	Fast Track Land Reform Programme
GNU	Government of National Unity
GPA	Global Political Agreement
ILO/SRO	International Labour Organisation / Sub-Regional Office
MDC	Movement for Democratic Change
MOTSRUD	Management Outreach Training Services Rural and Urban Development
NACSCUZ	National Association of Cooperative Savings and Credit Unions of Zimbabwe
NAMCU	National Association of the Mining Cooperative Unions
NORAD	Norwegian Agency for Development Cooperation
OCCZIM	Organisation of Collective Cooperatives in Zimbabwe
SACNET	Southern Africa Cooperative Network
SADET	Southern Africa Development Trust
SANDON	Southern African Non-Governmental Development Organization Network

SEDCO	Small Enterprise Development Corporation
UANC	United African National Council
UDI	Unilateral Declaration of Independence, 1965
UFAWUZ	United Food & Allied Workers Union of Zimbabwe
UNDESA	United Nation's Department of Economic and Social Affairs
ZANLA	Zimbabwe African National Liberation Army (ZANU's military wing)
ZANU-PF	Zimbabwe African National Union – Patriotic Front
ZIPRA	Zimbabwe People's Revolutionary Army (ZAPU's military wing)
ZAPU	Zimbabwe African People's Union
ZCIEA	Zimbabwe Chamber of Informal Economy Associations
ZCTU	Zimbabwe Congress of Trade Unions
ZINAHCO	Zimbabwe National Association of Housing Cooperatives
ZimAsset	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZIMCORD	Zimbabwe Conference on Reconstruction and Development
ZimFEP	Zimbabwe Foundation for Education with Production
ZIMPREST	Zimbabwe Programme for Economic and Social Transformation
ZimPro	Zimbabwe Project Trust
ZNCF	Zimbabwe National Cooperative Federation
ZNLWVA	Zimbabwe National Liberation War Veterans Association

Chapter 1

1.1 Background

“Another battle has begun” was the motto of a group of freedom fighters, who, returning from the war for Zimbabwe’s Independence realized that they were now faced with another battle i.e. for economic independence. They thought forming of cooperatives and in particular collective cooperatives an important weapon in that struggle. This publication tries to unravel in how far the cooperative movement managed to contribute to that struggle for an economically independent Zimbabwe, governed by principles of co-operation and solidarity instead of competition and perpetual hunt for profits.

In 2018, FES commissioned a study into the history of the cooperative sector in Zimbabwe spanning from 1980 to 2018. This study conducted on the cooperative sector in Zimbabwe presented critical observations of the many contextual and internal problems which led to the present situation where Zimbabwe’s cooperative movement has clearly not (yet) become a major, mainstream force for bottom-up, democratic change. The study produced a publication titled **another battle: a history of cooperative movement 1980-2018**. The study drew lessons from those insights and offered practical suggestions on possible steps on the path towards the utopian solidarity economy and society. They form a colorful palette of people young and old, rural and urban, men and women, rich and poor coming together for a variety of reasons but sharing one denominator: the believe that there is strength in numbers, in combining a diversity of skills, means and experience, in working together above the struggling of the individual. It is hoped that it will enthuse and stimulate individuals, groups, institutions and policy makers and implementers to support a strong revival of the cooperative movement as one of the essential tools in building a society built on principles of solidarity instead of selfishness, relentless pursuit of profit and shameless exploitation of people and nature.

This work is an abridged version of the study, **another battle: a history of cooperative movement 1980-2018**. It attempts to present the history of Zimbabwe and its cooperative movement in a succinct and

brief manner. More specifically this abridged version seeks to provide a quick- access and guide for cooperative start-ups. This short version maintains the key messaging of the main book yet condensed into a brief document with accessible and comprehensible style. It lists the essential things to know about cooperatives for all those who are interested as members, future members, politicians or staff of national or international institutions in charge of the promotion and development of cooperatives.

1.2 Introduction

Cooperatives have been on the rebound and their importance seems to be increasingly recognized, as evidenced by the proclamation of the year 2012 as the UN International Year of Cooperatives and the first ever global cooperative census carried out in 2014 under auspices of the UN Department of Economic and Social Affairs, UNDESA. The ILO speaks even of a renaissance in Africa. ILO research published in 2008 showed that the density of cooperatives on the African continent is still as high as it was at the onset of the liberalization process in the beginning of the nineties and still stands at around 7%. In other words, even today" ... *for every 100 Africans (including children and the elderly), seven people are likely to be members of a cooperative*"¹. Six years after the start of the latest global crisis, the 2014 UNDESA census even concludes that "1 in every 6 people on average in the world has membership or is a client of a cooperative"².

An important role in striving for a solidarity alternative could be played by a strong cooperative movement. Any debate on whether this holds true for Zimbabwe has to start with an honest analysis of its cooperative history. Unfortunately, that history has been rather underexposed. During the eighties, the first decade after Independence, Zimbabwe's cooperative movement featured often and rather prominently in the news and in debates, not in the least because of the extensive external solidarity support the newly independent country and the movement received in those years. The advent of neo-liberalism and structural adjustment

1 ILO, 2008; "Co-operating out of poverty. The renaissance of the African cooperative movement.

2 UNDESA, 2014; "Measuring the Size and Scope of the Cooperative Economy: Results of the 2014 Global Census on Cooperatives."

policies in the nineties coincided with the ebbing of this initial enthusiasm as running cooperatives successfully turned out quite more difficult than anticipated. Support and interest for Zimbabwe's cooperative movement started waning and Zimbabwe's cooperatives featured less and less in both donor and government policies, in the mainstream media and in academic studies. However, on the ground, the cooperative movement persisted, often against all odds; many cooperatives succumbed but new ones filled the gap. Hardly anyone noticed.

The Cooperative Societies Act³ (Act) does not provide a clear definition of what a cooperative is, however in section 2 defines a collective society“ as a society—

- a. all of whose member's work for the society; and
- b. in which the means of production are jointly owned by its members;

This definition provides the key thrust of cooperative work or focus which is joint ownership and efforts.

The International Cooperative Alliance, whose membership includes cooperatives from all parts of the world, has defined a cooperative as:

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Thus the main characteristics of a cooperative are:

- it is an autonomous association of persons;
- the persons unite/join at their own will;
- the members should unite to meet their common economic, social and cultural needs; and
- it is jointly owned and democratically controlled enterprise.

3 Cooperatives Societies Act, Chapter 24:05

Autonomous means an organisation or association that is free to take all business and governance decisions itself without any outside interference. **Jointly-owned** means those who have joined the cooperatives to use their services are, collectively, its owners. **Democratically-controlled** means the management of cooperatives is carried out by the members and by those persons who have been authorized to do so by the members. The ultimate control always remains with the members of the cooperative. Those authorised to manage the cooperatives are in turn accountable to the members. The purpose of a cooperative is to allow individuals to come together and pool their resources in order to reach a common goal which would be difficult for them to achieve as individuals. In other words, the purpose of a cooperative is, for example, to allow someone with only five kilos of a given product to sell, transport or transform them at the lowest cost possible and under the best of conditions. Such an option allows, simply by joining with others to form a business, to benefit from economies of scale, and so reducing costs. A cooperative is the specific application of a very old idea: cooperation. Cooperation can be seen as a social process by which individuals work together to realise a common objective.

The ILO “Handbook for use by Workers’ Organizations” of 2007 states that:

- The objective of a cooperative - in contrast to capitalist companies whose goal is the economic profit of their investors - is to satisfy the needs of its members and improve their living conditions.
- The members of a cooperative are at the same time customers and/or suppliers, and/or employees, and owners of the cooperative.
- A cooperative is both an association and a business.

One of the most imaginative cooperatives is Mondragon, a corporation and federation of worker cooperatives, which is Spain’s tenth-largest company in terms of turnover and one of the largest cooperative conglomerates in the world. It is involved in agriculture, retail, research, manufacturing, tertiary education, banking and finance, research and development. Over the years it expanded and adjusted its basic principles to ten, with labour and education being the central ones.

Figure 1: Mondragon's ten principles



The core is occupied by **EDUCATION** as the basic mainstream principle that feeds and feeds off all the others, and the **SOVEREIGNTY OF LABOUR**, which is shielded by the other five principles of an internal nature in each individual Cooperative: **INSTRUMENTAL AND SUBORDINATED NATURE OF CAPITAL, DEMOCRATIC ORGANISATION, OPEN ADMISSION, PARTICIPATION IN MANAGEMENT AND WAGE SOLIDARITY.**

The outer ring features the three principles that are related to the Cooperatives external projection: **INTER-COOPERATION, SOCIAL TRANSFORMATION AND UNIVERSAL NATURE.**

Source: Mondragon, 2012; "Corporate Management Model"; accessed May 2018 at <http://www.mondragon-corporation.com/wp-content/themes/mondragon/docs/Corporate-Management-Model.pdf>

Values guiding cooperatives

Cooperatives are based on the values of **self-help, self-responsibility, democracy, equality, equity, and solidarity**. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Self-help means that persons should help themselves by coming together and should not depend on others beyond the cooperative. Co-operators believe that the development of a person can best take place in association with others.

Self-responsibility means that the members themselves assume responsibility for their cooperatives for its formation, continuation and future success.

Democracy means that each member has an equal opportunity to decide how the cooperative should be run and to frame policies to achieve its objectives. This is the principle of one-member with one-vote.

Equality means that everyone in a cooperative has an equal opportunity with respect to the right to participate, the right to information, the right to be heard and the right to be involved in decision-making.

Equity means a member is rewarded for her/his participation in the cooperative. The more he uses the services of the cooperative, the higher the return he will get.

Solidarity means that a cooperative is not merely an association of members. Members should be treated as fairly as possible. Each member of the cooperative is responsible for the collective interest of all its members. This value also means that co-operators and cooperatives stand together for the development of the cooperative movement.

The values of honesty, openness, social responsibility and caring for others are fundamental ethical values. These are values, which members of any community should practice. They have been practiced for ages and thus find a central place in the cooperative movement.

1.3 Principles of Cooperatives

The cooperative principles are guidelines by which cooperatives put their values into practice. Cooperatives resemble chameleons: they share common principles and values but adapt to any environment they operate in. They survive and flourish in today's centres of capitalism notably the USA and the EU. They were a main feature under dictatorial communism in the former East Bloc and have revived under its post-communist state capitalism. Their numbers are largest in India with more than 100,000 grassroots level cooperatives and a total membership of more than 120 million rural

people⁴. Cooperatives were implanted and grew in colonial capitalist Africa but also survived in the newly independent often centralised, authoritarian, planned states. They withstood the latest global economic crisis and proved sometimes more resilient (especially in the banking and finance sector⁵) than their capitalist counterparts. They can comprise a few women only, struggling to eke out a living from their small dry land plots or they can constitute a complex conglomerate straddling sectors, countries and even continents. They might just have started out or have developed over more than a century. They might have been formed from an ideological motivation to pursue socialism or could have been deliberately promoted to entrench capitalism. They can form safety nets or be exploitative multinationals.

While this bears testimony of the strength and success of the cooperative model, it also shows that talking in general terms about cooperatives and using compounded figures hardly makes sense except maybe to show that, lumped together, they constitute a large part of the world economy.

The principles, according to which cooperatives operate worldwide, were for the first time formulated in 1844 by the **Rochdale Society of Equitable Pioneers** in **Rochdale**, England. The Rochdale cooperative was born out of a struggle against early capitalist exploitation. Not surprisingly this happened in Britain in the early days of the industrial revolution which knew unprecedented and gruesome levels of workers' abuse. In 1937, the International Cooperative Alliance, ICA, the apex organisation for cooperatives worldwide⁶ founded in 1895, formally adopted the Rochdale Principles and updated them in 1966 and 1995. The ICA definition, values and principles are accepted worldwide as the common denominator for cooperatives.

Cooperatives around the world operate according to these principles and values. These principles are a key reason that cooperatives operate differently from other entities by putting the needs of their members first.

4 Biswa Swarup Misra, 2006; "Performance of Primary Cooperatives in India: An Empirical Analysis".

5 See for example [Roelants](#), B. and [Sanchez Bajo](#), C., 2011; "Capital and the Debt Trap: Learning from Cooperatives in the Global Crisis"

6 ICA portends to represent a membership of 1,2 billion people worldwide, organised in 2.6 million cooperatives.

The Act also provides for principles to govern cooperatives and are summarized as follows ;

Key Points on Cooperative Principles

a. Open and Voluntary Membership

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender, or economic circumstances. Cooperatives can only be viable if they are supported by their members and if they manage to attract new members. Every disappointed member dissatisfied with the services supplied by the cooperative or no longer needing the services of the cooperative must have the right to leave the cooperative. Otherwise such members could prejudice the future success of the cooperative.

The principle of free entry and exit does not mean that an unrestricted number of members can belong to any cooperative. Certain cooperatives can accept only a pre-determined number of members, depending on their capacity, notably worker cooperatives. The underlying idea is that cooperatives are entities open to any individual.

b. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors/trustees) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.

c. Members' Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the

membership. Cooperatives are enterprises run by their user-owners who constitute the dominant power of the cooperative. In a cooperative, the cooperation of the members takes precedence over their contribution to capital. The role of capital is only to serve the interests of the members and to allow them to fund the activities of the cooperative.

d. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity

e. Education, Training and Information

Education and training for members, elected representatives (directors/trustees), CEOs, and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.

Education and training facilities shall be offered to members and prospective members with a view to improve their economic well-being and vocational skills and acquainting them with their rights and responsibilities in relation to the society.

f. Cooperation Among Cooperatives

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.

g. Concern for Community

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

Commendable and progressive as they may be, most values and principles are guidelines only and do not say much about the economy and society they are operating in. Moreover, they are poly-interpretable and can be fleshed out in many different ways. Therefore, cooperatives and their operations, as guided by the standard values and principles, are not necessarily transformative⁷ even when they are workers' collectives. There is debate about the exact nature of workers' cooperatives. Are they vehicles for "collective capitalism" or do they represent a new form of economic organising that is essentially different from state enterprise (socialism) on the one hand and from private enterprise (capitalism) on the other? The central question therefore remains whether it is possible to fashion an economic system comprised predominantly of cooperatives as the units of production and based on solidarity instead of profit seeking. We will therefore have to look beyond the principles and analyse the practice. Of course, if for example Zimbabwe would have spawned a Mondragon, its history might have been quite different. So, in the end it all boils down to how the cooperative principles and values are applied in practice.

When reflecting on the practice of Zimbabwe's cooperative movement, a consideration is made to the extent the cooperatives have managed to improve the lot of the Zimbabwean people and to what extent they have contributed to transforming society towards long term idealistic civilization. The desired results are founded on solidarity and care for each other and for the environment people live in and are dependent on.

⁷ The term "transformative" is used here in a political-economy context to express the potential/strength of cooperatives to contribute to a complete, radical, structural make-over of the economy-society (in particular towards social ownership of the means of production) as opposed to "reformative" where the capitalist economic system remains intact with only some minor adaptations, introduced to curb or ease its worst excesses and effects and where cooperatives are part of this amelioration aspect.

In doing so, six critical aspects are used:

1. **Direct benefit:** In how far have the members, their families and the surrounding community directly benefited from cooperatives? Is there a positive difference in the lives of the people (in particular the poorest) due to the existence of cooperatives?
2. **Solidarity:** In how far have the cooperatives' operations been grounded in solidarity amongst its members and between the cooperative and the community (from local to global) of which it is part?
3. **Personal transformation:** in how far have cooperatives inspired, contributed to or brought about a fundamental change in people's mentality and spirit?
4. **Institutional transformation:** in how far has the cooperative movement contributed to or spawned the formation of institutions which deliberately promote cooperative and solidarity initiatives and organisational models in society over and above capitalist inspired ones?
5. **Transformational government policies and strategies:** in how far have government and government institutions adopted and implemented policies and strategies (either or not under pressure of the cooperative movement) that are transformative in the sense that cooperative ways of operation and principles of worker ownership and management are favoured and stimulated over and above capitalist/profit seeking businesses and processes?
6. **System transformation (transformative impact under capitalism conditions):** the ultimate question; (to what extent) have cooperatives – while operating under the present-day yoke of the dominant global neo-liberal capitalist system - jointly developed sufficient, compounded, transformative strength to fundamentally transform, upend and defeat that capitalist system instead of continuing to operate in its margins or niches and often even re-enforce it by doing so?

Please note: the above considerations are much more detailed, politically explicit and radical than the values and principles of cooperatives as generally agreed and laid down by e.g. ICA and ILO (and even Mondragon), so it seems a bit "unfair" to use them as yard sticks in analysing Zimbabwe's cooperative movement. However, only in this way we will be able to draw appropriate lessons from Zimbabwe's experience, which can be used to formulate and implement (more) transformative plans, policies and strategies for the future.

Main advantages of the cooperative structure

By involving consumers, producers, owner-employees or some of these categories in the decision-making process as owners of the business, cooperatives have certain advantages over other types of companies.

- The involvement of such a significant group of participants can lead to innovation within the enterprise;
- The users are the members, which means that the cooperative has first-hand information about the needs of the consumers and their different behaviour patterns, habits and expectations;
- The setting up of a cooperative allows it to enjoy economies of scale;
- The motivation of the employees in worker cooperatives in their role as owners is strengthened;
- The protection of the interests of the members allows much more scope for dealing with short-term economic or other problems;
- The democratic decision-making process makes the decisions taken more sustainable and representative of members' needs;
- The non-distribution of reserves can also improve the financial footing of the organization;
- In general, sustained development of the enterprise is possible in spite of external pressures.

1.4 History of Cooperatives in Zimbabwe

Cooperatives have been in existence in Zimbabwe since 1909, the first ones to start a cooperative society being the Cooperatives have been in existence in Zimbabwe since 1909, the first ones to start a cooperative society being the large-scale commercial farmers who were part of the early white settlers. However, long before the introduction of cooperatives as a formalised type of collaboration, many forms of co-operation existed already in Zimbabwe among the African population. The traditional Shona society celebrated co-operation and discouraged individualism. Many Shona proverbs like “kuturika denga remba kubatsirana” (to put up a roof to a hut is to assist each other) and “kuita mushandira pamwe

semajuru” (to work together like ants in building an anthill) remind us of this. The Shona term “Unhu” or “Hunhu” - from which the word for man or Munhu is derived - is the equivalent of the Ndebele “Umuntu” and emphasizes the importance of a group or community. Unhu/Umuntu is a social philosophy which celebrates values like mutual social responsibility, mutual assistance, trust, sharing, unselfishness, self-reliance, and caring and respect for others⁸. It emphasizes the importance of group or communal existence as opposed to the West’s emphasis on individualism and individual human rights⁹.

Although less common these days, many forms of co-operation have stood the test of time and can still be seen today. *Zunde raMambo* literally means the field of the chief; it was practiced amongst the VaShona. Traditionally a chief would designate a piece of land for food production which his people would cultivate together taking turns in planting, weeding and harvesting of the crops. During the work traditional beer (doro) would be served. The harvest would be stored in the chief’s granary in his compound for times of drought but also to feed the poor and vulnerable. Zunde raMambo was perceived not only as a crop production activity, but also as a social and political rallying point used by the chief to exercise control over his people and to ensure their safety¹⁰. Participation in the Zunde raMambo was an expression of oneness and belonging, and reinforced collaboration, solidarity, relationships and loyalty to the chief. Zunde raMambo was also practiced in the Ndebele communities in Zimbabwe and was there called *Isiphala seNkosi*¹¹. Zunde, in the sense of a communal field could also be practiced at household level (in polygamous households), at the village level under the headman and finally at the chief’s level. During the 1950s the Zunde scheme was largely abandoned due to reasons such as the introduction of marketing prices which undermined the incentive to work communally, forced relocation of rural households which disturbed traditional communities, introduction of high yielding hybrid maize varieties which cannot be saved and re-used, chiefs no longer being recognised and increase of

8 Mandova, E. and Chingombe, A., 2013; “*The Shona proverb as an expression of Unhu/Ubuntu*”

9 Mangena, F., 2015; “*Hunhu/Ubuntu in the Traditional Thought of Southern Africa*”

10 FAO 2003; “*Community-based food and nutrition programmes; what makes them successful*”

11 Ringson, J., 2017; “*Zunde raMambo as a traditional coping mechanism for the care of orphans and vulnerable children: evidence from Gutu district, Zimbabwe*”

individualism¹². The then government also forbade gatherings other than funerals because of the liberation struggle and required that such meetings were marked by a red flag to prevent it being bombed or attacked. A few years ago, the government attempted to revive Zunde raMambo schemes.

Gumwe is a Shona traditional practice where families agree to weed together each other's' fields on a rotational basis; food and mahewu (a maize based drink) is served. A *nhimbe* (alternatively called 'humwe', 'hoka', or 'jakwara' in ChiShona or *ilima* in SiNdebele) is mostly called to thresh the grain together. Here, next to food often local, traditional beer (7-days brew) is provided and participants sing or chant while working. Under *nhimbe* also tools, inputs and implements can be shared. 'Nhimbe' was largely called for work related to the production of grain crops, from cutting down trees, digging the land, sowing and weeding to harvesting the crops, threshing and winnowing them. 'Majangano' was another labour exchange program in which no beer was brewed, and which involved work of some urgency like threshing and winnowing, after which the grain could safely be stored in the granaries.

The growing of small grain crops in particular millet and sorghum was important in cementing social relationships in traditional societies, which became less important as small grains became increasingly displaced by maize. The labour-intensive nature of growing small grain crops tended to bring people together in cooperative work more than did maize. The spread of maize became therefore one of the major reasons, according to some authors, for the collapse of cooperative production work among the Shona people¹³.

The above-mentioned practices were/are usually restricted to particular events in the season and involved the family or particular age-group or village. Co-operation of this kind did not occur within a formal, planned organization. It was more directed towards immediate satisfaction of needs than it was toward production for the market. It continued until the job was done, after which the people returned to their individual

12 Stathers, T. et al, 2000; *"The Zunde Scheme, Chikomba District, Zimbabwe"*

13 Tavuyanago et al., 2010; *"Traditional grain crops in pre-colonial and colonial Zimbabwe: a factor for food security and social cohesion among the Shona people"*. Journal of Sustainable Development in Africa (Volume 12, No.6, 2010)

production units or villages. *Common grazing* of cattle was and is also based on such co-operation. The herd boys are paid from farmers' contributions.

Informal rotating and saving clubs have been around for a long time. It was and still is customary that a group puts money together and one person gets that money. The next time the group meets, they again put money together and another member gets the cash and so on until everybody has had a turn. So, no banking is involved, and no interest is paid. *Mukhando* is a specific type of rotating and saving system where only once money is put together and interest has to be paid by the one who borrows the money. He or she also has to pay back the main sum at next meeting. Again, the lending rotates, and the total amount gradually increases due to the interest accrued.

Grocery savings clubs also exist. A group agrees to every month put together some money and put it in the bank. Nobody borrows that money. At the end of the year the savings plus interest are withdrawn and groceries are bought and shared. Women's clubs and young farmers' clubs, formed for a variety of reasons, have also been around for a long time.

The idea of putting savings together pre-dates the savings movement and can be traced back to the emergence of *burial societies* from the early years of colonial occupation after 1890. Burial societies initially started among migrant workers (Malawians, Mozambicans and Zambians) who came to work on farms and in the mines in Zimbabwe. They were organised to both assist newly arriving migrants and to help with funeral arrangements of such workers¹⁴. These days, burial societies are still useful as they are an informal insurance for poorer people who often don't qualify for formal life insurance. Usually a joining fee and regular payments (e.g. monthly or 3-monthly) are required. In case of a death, the society readily provides food for the mourners and contributes towards costs of a coffin, transport and other expenses. Many burial societies are small, but some have also grown and branched out into other services like paying of school fees and medical expenses.

14 Raftopoulos, B. and Lacoste, J., 2001; "*Savings Mobilisation to Micro-Finance: A Historical Perspective on the Zimbabwe Savings Development Movement*".

The *first formal savings club* in Zimbabwe was established in 1963, with the help of a Catholic missionary, Brother Waddelove, in Chishawasha a few kilometers outside Harare. With the help of the Wycombe Foundation which he founded, the formation of more such clubs was supported and thus the “Savings Development Movement” (SDM) was born. From 1963 the movement expanded from 30 clubs in 1970 to 1500 in 1974 and 3000 in 1975 with 60,000 active members¹⁵.

1.4.1 Formalisation of cooperatives

Originating in Europe, the formal concept of a cooperative was introduced in Zimbabwe in 1909, in the agricultural sector, with the promulgation of the Agricultural Societies Act. The resulting agricultural marketing and supply cooperative societies were meant to serve the interests and needs of the white commercial farmers only. In 1926, agricultural cooperatives were further regulated in terms of the Cooperative Companies Act, which dealt with limited liability cooperatives. Again, it catered for the cooperative companies which were formed by the white commercial farmers and engaged in large scale commercial farming business. Unlike those previously registered under the Cooperative Societies Act, these were no longer subject to supervision by the Government. The cooperative companies generally became financially sound and professionally managed enterprises. The largest, Farmers Co-op Ltd, had a business turnover of approximately Z\$ 170 million in 1987¹⁶.

“Spring Master” was known in Zimbabwe as the biggest furniture manufacturer, but at the country’s independence the European property owners left and in 1984 the company was dissolved. A group of former employees then decided to create the “Spring Cabinet Cooperative” to safeguard their jobs. After a difficult start, the cooperative managed to extend its production and to take on more workers than before, including university graduates in management positions. By 1995, the cooperative had created 206 full-time jobs (against 7 ten years earlier), had a capital of Z\$7 million (against Z\$130) and reached a turnover of Z\$16.3 million.¹⁷

15 Mago, S., 2013; “*Microfinance in Zimbabwe: A Historical Overview*”, in *Mediterranean Journal of Social Sciences*, November 2013

16 World Bank, 1989; “*Zimbabwe Agricultural Cooperatives Sector Review*”

17 Source: National Federation of Zimbabwean Cooperatives.

a. Policies and Acts

In 1984 the first government policy on cooperative development was formulated by an inter-ministerial liaison committee on cooperative development. The policy consisted of 2 sections, first section focused on the following:

- nature of a cooperative,
- cooperative principles,
- forms or stages cooperatives¹⁸
- impact of cooperatives on the development of Zimbabwe towards a socialist state
- the prevalent types of cooperatives¹⁹
- the role and functions government towards the establishment and support of cooperative enterprises.

The policy strongly emphasised collective cooperatives in the agricultural sector as well as in other sectors of the economy.

The second section of the policy spelled out the responsibilities of various ministries towards promotion and support of cooperatives in their sector. The Ministry of Lands, Resettlement and Rural Development, through its department of Cooperative Development, was given the lead role and was also made responsible for the administrative functions towards cooperatives such as registration, settlement of disputes, training, audit and inspection of cooperative societies. The policy emphasised the temporary nature of some of government's tasks, in particular in auditing, supervision, arbitration and settlement of disputes, till such a time that the various apex organisations of the cooperative sector would themselves be able to take over these tasks²⁰.

18 The policy saw cooperative development as a phased process and discerned Seasonal Mutual Aid Teams, Permanent Mutual Aid Teams, Elementary Cooperatives, Collective Cooperatives and Advanced Collective Cooperatives as the various stages through which cooperative collaboration might pass to avoid failures.

19 The policy paper discerns here Agricultural Cooperatives, Industrial Producer Cooperatives, Trading and Commercial Cooperatives, Consumer Cooperatives and Service and Infrastructural Cooperatives.

20 Ministry of Lands, Agriculture and Rural Settlement, 1984; "Government Policy on Cooperative Development", page 15

According to the policy, a cooperative is:

a voluntary social organization of economic units, based on equality, carrying out allocated or self-given economic objectives aimed at uplifting human living standards. In socialist cooperatives all means of production, distribution, and social services are organised collectively. Members of the cooperatives serve not only their interests but promote and safeguard the interests and aspirations of the working people in general.²¹

It took till December 1990 before the old Cooperative Societies Act of 1956 was repealed and the Cooperative Societies Act, Act No. 6 of 1990, would be promulgated. Leadership from the AMSCs, NACSCUZ (National Association of Cooperative Savings and Credit Unions of Zimbabwe) and OCCZIM (Organisation of Collective Cooperatives in Zimbabwe) had long lobbied government for a review of the Cooperative Societies Act of 1956 because of its flaws and because it did not cater for other sectors of the cooperative movement. A team comprised of the Registrar of Cooperative Societies, one from the cooperative movement, one from the Attorney General Office and a private lawyer were tasked to look into the Act. The team, which was sponsored by the Friedrich-Ebert-Stiftung (FES) Zimbabwe, visited Germany where Professor Dr. H. Muenkner, an expert in cooperative development in particular in cooperative policy and legislation, assisted in reviewing the Act²². The final Act of 1990 was produced after wide consultation through participatory workshops held at districts, provinces and at national level. The Act was again revised in 1996 and for the last time in 2001.

By 1989 the cooperative staff in the Ministry of Community Development, Cooperatives and Women's Affairs numbered about 500, up from 200 in the beginning of the 1980s. However, most of the staff had no previous cooperative or business experience as they were trained on the job²³.

21 Idem, page 1.

22 In 1992, the Friedrich-Ebert-Stiftung also facilitated the production of a "Simple guide to the Cooperative Societies Act, 1990".

23 World Bank, 1989; "Zimbabwe Agricultural Cooperatives Sector Review"

It would also take a long time for the government to revise its formal policy on cooperatives. It was only in 2005 (some 20 years after the first policy and more than 10 years after the introduction of market liberalisation) that “The Revised Government Policy on Cooperative Development” was written. Maybe this was indicative of the low priority the cooperative movement received from government. In the new policy no longer any mention was made of a socialist state as the aim of development policy. *In the early 80s, the government resolved to develop its economy along socialistic lines. However, with the general fall of socialism internationally, the government, in line with international trends, adopted the market oriented economic approach.*²⁴ Almost casually, the document mentions in the foreword that the operational environment had changed amongst other due to globalisation and economic liberalisation and that as a result the formulation of a new policy was necessary to enable cooperatives autonomy to set up self-sustainable business entities. In accordance with the spirit of economic liberalisation, it was stated in the document that auditing would no longer be done by government but should be privatised; arbitration and settlement of disputes should be regarded as internal matters, while the movement was considered matured enough to represent itself. New emphasis was placed on economic viability and the full commercialization of cooperatives was given priority. However, this was not operationalised in further cooperative policy and legislation. For example, although credit and savings cooperatives, organised in NACSCUZ, over the years advocated for a separate act in line with their specific nature, by 2018 this had not happened yet.

The 2005 policy document noticed that by then there were 3,575 registered cooperatives (up from 1,800 in 1987) with a total of over 200,000 members and hence more than a million people depending on cooperative activities out of a population of 9,5 million.²⁵ In 2013, according to the then Ministry of Small and Medium Enterprises Development and Cooperatives, there were in that year 6,500 registered cooperative societies, representing - at an assumption of in average about 100 members per society – some 650,000 members. Again,

24 Ministry of Youth Development and Employment Creation, 2005; “*The Revised Government Policy on Cooperative Development*”

25 It should be noted however that the registration system of cooperatives did not provide for systematic deregistration of inactive societies, so the number of active cooperatives must have been considerably lower.

however, it should be noted that these numbers included societies which were not or no longer active. Over the years the cooperative movement would often not be accorded its own Ministry. It would shift from one Ministry to another, most often being clustered with Youth, revealing the limited importance it was given. Under the new cabinet of President Emmerson Mnangagwa, announced on 30 November 2017, cooperative development was moved to the Ministry of Industry, Commerce and Enterprise Development; within a month or two it was moved to Women Affairs.

b. Prevalent type of cooperatives

i. Large scale commercial farming cooperatives

The large-scale commercial farmers' cooperatives' core activity was bulk buying of agricultural inputs, material, stock and other products as it helped them in terms of economies of scale. Most of these inputs were bought in towns and one had to transport them to and from the town to the farm. They also co-operated in selling farm products; where one farmer could not meet the quota individually, they pooled together to supply the customer or market. The Agricultural Societies Act enabled them to form cooperatives as well as unions (secondary societies). Under the new Cooperative Companies Act, commercial farmers established companies that processed, packed and marketed their product. A commercial farmer who had a contract to supply or deliver for example 1,000 tons of beef to the then Cold Storage Commission (CSC), engaged with other farmers to meet the quota. The situation was the same for tobacco sales to the Tobacco Marketing Board, TMB; pigs to Colcom and cotton to the Cotton Marketing Board, CMB. Commercial farmers went further to co-operate in terms of bulk fuel procurement for their tractors, machineries and vehicles. There was also bulk insurance of crops and properties. Export of horticulture products, flowers, beef and other products was also managed in a cooperative set-up. Apart from these activities, commercial farmers facilitated establishment of research stations and agricultural colleges such as Gwebi College of Agriculture. Because they co-operated, the Commercial Farmers Union, CFU, was very influential in the government, contributing to major policy decisions especially on prices of the farm products, among other things.

In 1951, the colonial government passed the Land Husbandry Act, which effectively consolidated land occupied by blacks and whites. The new resettlement programme allocated the best land and almost half of the total to whites where white war veterans were resettled. This new resettlement programme was accompanied by the development of a massive infrastructure composed of road and rail, water, marketing infrastructure and banking. The half of the country, where African farmers lived (the Tribal Trust Lands), was excluded. To appease Africans, government adopted in 1956 the Cooperative Societies Act (Chapter 193). As in all British colonies it was based on the British-Indian Pattern of Co-operation (BIPC)²⁶ which was top-down and more meant to impose rules and strictly manage cooperatives than facilitate farmers' own initiatives. The act would remain in place till 1990 when it was replaced by a new Cooperative Societies Act (Act no. 6). The 1956 Act provided for the formation of Agricultural Service Cooperatives (ASCs) and Agricultural Marketing and Supply Cooperatives (AMSCs) in the Tribal Trust Lands (later renamed Communal Areas) to organize bulk purchase of farm inputs, to provide outlets for the surplus production from the peasant sector, and to organize transport of members' agricultural produce to the Agricultural Marketing Boards. Early efforts to establish cooperatives focused on the African Purchase Lands (now called small-scale commercial farms). The first cooperative set up in a Tribal Trust Land was in Madziwa in 1960. Early cooperatives were mainly in cotton growing areas like Gokwe²⁷.

The growth in the number and activities of societies at the primary level gradually led to the formation of regional cooperative unions to provide centralised services for the primary societies, including bulk purchasing of inputs, produce marketing, accounting, and management services. Up to Independence in 1980, all these cooperatives were run by state-appointed staff who were posted at these cooperatives and who performed nearly all technical functions of operations.

At Independence in 1980, the AMSC movement comprised 343 registered primary societies with a membership of about 70,000 communal

26 Muenkner, H., 2013; *"Worldwide regulation of cooperative societies, an overview"*

27 Nyandoro, M., 2017; *"The Gokwe Irrigation cooperative society and its role in Sanyati (Zimbabwe), 1967-1969"*

farmers. Seven years later the number had increased to 527 cooperatives with a membership of 125,000²⁸. After Independence the AMSCs were given the main responsibility for input distribution - financed through the Agricultural Finance Corporation (AFC) - to communal farmers. Because of a severe shortage of adequately trained staff, deficient management systems, and inadequate storage and transport facilities, cooperatives were ill-equipped to handle this task. Because of the poor management capability of the cooperatives, the input supply and production credit programs were administered by the Ministry responsible for cooperative development. But also the Ministry lacked the experienced manpower and funds to develop the management capability of the cooperatives themselves, and the cooperatives continued to be plagued by management deficiencies and poor operational and financial performance. The gradual increase in AMSCs and other registered cooperatives is shown in the following table.

Table 1: Increase in cooperatives 1956 - 1987

Category	1956	1960	1965	1970	1975	1980	1987
AMSCs	2	21	169	283	310	343	642
Farming Collectives						1	312
Other cooperatives (mainly non-agricultural)		3	7	18	30	32	848
Totals	2	24	176	301	340	376	1,802

Source: World Bank, 1989; "Zimbabwe Agricultural Cooperatives Sector Review"

It should be noted however that, according to the same World Bank document, by 1987 only 1,100 or 60% of the cooperatives were active.

²⁸ World Bank, 1989; "Zimbabwe Agricultural Cooperatives Sector Review"

c. The cooperative movement in the eighties

In the first years after Independence government's rhetoric was still clearly socialist. The first "Government policy on cooperative development" of 1984 explained what the role of cooperatives should be in the development of Zimbabwe towards a socialist state. Government policies however, despite the socialist rhetoric, never substantially translated into practice and government's cooperative programmes were underfunded and understaffed. By 1986 the government was buying private companies to turn them into parastatals but also into cooperatives. An example of the latter was the Fencing Company. However, it seems that the workers themselves did not want to form a cooperative as they did not believe in cooperative principles and its values and ideology. Moreover, the company was a bankrupt concern and the workers never managed to turn it around, among others due to lack of skills and capital.

With the exception of some individual ministers, government was not very supportive rather was suspicious of the collective cooperatives formed by ex-combatants. In particular, the former ZAPU-ZIPRA cadres were looked at with skepticism and suspicion. Government could not appreciate self-organisation and bottom-up initiatives. It preferred to initiate itself – in a top-down way – cooperatives as it did with the Agricultural Marketing and Supply Cooperatives for which it built warehouses throughout the country, partially funded by donors and mostly staffed by government officials. In the eighties government policy clearly aimed at controlling the cooperative movement.

d. The nineties, Structural Adjustment

In 1990, the sunset clause in the Lancaster House agreement restricting land acquisition expired. In July of the same year the government launched a new national land policy, announcing that 5 million hectares of commercial farmland was to be acquired at fixed prices. Moreover, in 1992 the Land Acquisition Act was passed replacing the 'willing seller-willing buyer' principle and allowing for compulsory purchase of land. Despite this legislation, very little land changed hands and the land that did was beginning to go to senior politicians, government officials and top police and military officers, rather than to overcrowded communal farmers and Model A and B cooperatives.

In 1991, the Zimbabwe government launched an Economic Structural Adjustment Programme, ESAP. In line with this liberalization thinking government introduced a new category of small businesses, the Private Business Corporation (PBC). One to hundred persons could start such an enterprise. Registration was done by the registrar of companies. The importance of this development was that a group which wants to control its own affairs but work as a cooperative could do so without the scrutiny of government officials.

Unfortunately, running a business under ESAP was far from easy. The cooperative sector also bore the brunt of ESAP as the reduction of subsidies and abolishment of privileges the cooperatives had previously enjoyed, exposed them now to the same market forces as private enterprises²⁹. Even during the eighties, they had received only limited support and hence most cooperatives were still not well established and therefore not ready to maintain performance levels which were at least at par with other enterprises of the private sector. If ever there had been government rhetoric (or practice) about socialism and transformation, under ESAP this was abandoned, and cooperatives were thrown out on the streets to fend for themselves and to compete with private enterprises under the law of the free market jungle.

Nevertheless, by 1996, there were still almost 2,400 registered cooperatives, although it is not clear how many of them were operational.

29 In certain aspects the deregulation under ESAP was experienced by cooperatives as positive as they were now less subjected to the tight regulations existing previously for cooperatives.

Table 2: Number of cooperatives, members and unions in 1996

Type of cooperative	No. of primaries	No. of members	No. of unions
Agriculture	2,032	129,020	13
Savings and credit	47	17,271	1
Consumer	58	3,209	7
Handicraft/industrial	172	5,528	4
Fisheries	26	510	1
Housing	27	855	-
Others	29	731	-
Total	2,391	157,124	26

Source: Lindenthal, R. et al; "Privatization of Cooperative Support Services in Eastern and Southern Africa; Volume II: Country Papers"

Collective cooperatives responded by organizing themselves and developed horizontal and vertical integration structures in order to deal with the challenges brought by ESAP. More district and provincial unions were formed and registered. Their main objective and the strategy was to use the economies of scale through bulk buying and common market strategies. They also organised visits for then President Mugabe and several ministers including Cde Mutasa, as well as others to witness both the challenges but also the successes posted by some cooperatives despite the impact of ESAP. The leaders of the cooperative movement also took the cooperative cause to Parliament where debates on cooperative production were held. In September 1991 a high-level workshop had been organised between Model B collective agricultural cooperatives and the top of several ministries where in length the specific problems and challenges which the cooperatives were facing, had been discussed. The cooperative movement also lobbied the International Labour Organization, the United Nation Development Program (UNDP) as well as other international organizations. Moreover, a study on the effects of the economic structural adjustment program on cooperatives in Zimbabwe was commissioned.

The lobby and advocacy activities paid some dividends as the Cooperative Societies Act was amended despite resistance from some government officials including ministers who were not supportive of the socialist goal. Overall, however, the changes introduced with the new act were cosmetic

only. Even after the amendments made to the Act in 1996 and 2001, the main issues brought forward by the cooperative movement were not addressed. The new Act seemed more concerned with enhancing the central state's instruments of control over the cooperatives. Nonetheless, the cooperatives were large and left to fend for themselves.

e. 2000-2009, Slide down and collapse

i. The Fast Track Land Reform Programme, FTLRP³⁰

Opinions differ whether the start of the 2000 Fast Track Land Reform was a peasant-led movement spearheaded by some war veterans and people from the overcrowded rural areas or one orchestrated from the top by the political elite in a desperate attempt to regain control and popularity³¹. There are also many myths and half-myths surrounding the land reform such as that it was mostly the elite who benefited, and that, due to FTLR, agricultural production totally collapsed and did not recover for the next ten years. Fact is that soon government regained the management over the land reform programme and that while several hundred government officials, politicians and other well-connected individuals profited, within a few years also some 146,000 families got resettled bringing the total of families resettled since 1980 to more than 245,000 now occupying 40% of the farmland. When adding the communal areas to this, small-scale farmers by 2013 occupied 90% of all farmland in the country, the remaining 10% being occupied by 8,500 small-scale commercial farmers (4% of the land), 950 large-scale black farmers (2%) and less than 300 large-scale white farmers (less than 1% of the land) while the remaining 4% of the farm land comprised 250 large scale corporate or state-owned agro-industrial plantation estates and wildlife conservancies³². As for the production and destruction of the agricultural production,

30 It is beyond the scope of this book to go into the details of the land reform around and after 2000 as it is a rather complex matter around which a number of myths have revolved which circulate in particular in the mainstream debate. The following three titles are very useful to get a deeper insight in the matter.

- Hanlon, Manjengwa & Smart, 2013; *"Zimbabwe takes back its land"*
- Scoones, I., 2010; *"Zimbabwe's land reform, myths + realities"*
- Matondi, P.B., 2012; *"Zimbabwe's fast track land reform"*. The latter is available on the internet as a pdf-file: <https://www.diva-portal.org/smash/get/diva2:563712/FULLTEXT01.pdf>

31 Scoones, I., 2010; *"Zimbabwe's land reform, myths + realities"*

32 Hanlon, Manjengwa & Smart, 2013; *"Zimbabwe takes back its land"*

the picture is also more nuanced. Of course, most of the production which took place on the large-scale commercial farms was seriously disturbed if not decimated in particular the growing of wheat and export crops like cotton and tobacco. But in the first years of the FTLR, production in the communal areas was not too much affected. In the following years however, it would be the sharply rising inflation and the lack of government support which negatively affected agricultural production across the board.

The FTLRP also affected the collective farms no matter that they were not owned or run by white farmers. OCCZIM representatives held several meetings with then President Mugabe and other ministers and governors pleading not to disrupt collective farms. This however, fell onto deaf ears. Therefore, members of many collective farms decided to divide up their land among themselves and continued as individual farmers. Examples are Musengezi District Cooperative Union and Kumuka Kwavatemala Agricultural Collective Cooperative Society in Chegutu where members subdivided the farm because locals were invading them. The situation was the same at Makoni district union in Headlands. Sometimes this happened with support of politicians. Occasionally cooperatives still held some of the land in common property, but this part often ended up being neglected.

ii. Hyperinflation

The confluence of unbudgeted expenses as shown above, the political chaos accompanying the FTLRP, the evaporating of confidence by the business sector within the country and abroad, international sanctions and the unbridled printing of currency caused the Zimbabwe dollar to inflate within a few years to worldwide unprecedented levels and rendered it worthless. Somewhere along the line it became even no longer attractive to grow cash crops as it was more profitable to sell inputs than putting them to use in a 4-month cycle of production. One can imagine that in the process also many businesses went bankrupt and that the whole formal economy ground to a halt.

The cooperative sector did not fare much better as in particular the savings and credit associations, SACCOs, but also other cooperatives saw their savings evaporate overnight. Luckily some SACCOs like the ZCCU,

the Zimbabwe Credit Cooperative Union which is a nationwide teacher-based credit union and MTSCOS (Masvingo Teachers Savings and Credit Cooperative Society) had invested their money in property and were able to retain at least some of their savings. Due to the economic crisis many cooperatives also lost their customer base, be it individuals, businesses or institutions like schools and hospitals. Still many hung on, also because there was no alternative, and would gradually recover when the economy started recuperating once the United States dollar and the South African Rand were introduced and the inflation stopped. From 2009 onwards many new cooperatives would register, and old ones would renew their registration.

The paralysis that followed the hyperinflation was reflected in the collapse of the formal sector and the resurgence of the informal economy which became the dominant segment of the economy. Unemployment levels rose to over 80% as virtually everybody was engaged in daily survival. This process of destruction also saw the obliteration of the middle class as poverty became universal.

By November 2008 matters had become completely untenable as inflation had shot up to a rate estimated at 79,600,000,000% per month. Between 1999 and 2008 Zimbabwe experienced a consistent negative economic growth; over the period the economy shrunk by a cumulative 51%³³.

The deteriorating economic and political situation set in motion an exodus of millions of citizens mostly to South Africa and the UK but also to other countries like Mozambique, Zambia, USA, Botswana, Namibia, DRC and even Angola, Kenya, Tanzania and South Sudan. Their remittances played a crucial role in taking the edge off people's suffering by providing them a basic livelihood in the midst of economic and social chaos and perhaps were instrumental in keeping Zimbabwe's economy afloat.

In 2005, ZANU had still clinched a victory in the parliamentary elections as MDC got 41 seats out of 150 and ZANU 78 (plus 20 President

33 Kanyenze, G., 2010; *"Beyond ESAP Update - Chapter 14"*

appointees and 10 chiefs). In most cities however, ZANU had lost dismally and in retaliation Mugabe unleashed operation Murambatsvina during which, it is alleged, houses and businesses of some 700,000 citizens were destroyed.

During the harmonised elections in April 2008 however, Mugabe and ZANU were with their back against the wall and despite gross violence the MDC won a narrow majority in parliament even after manipulation of the results which took more than a month to be announced. MDC won 100 seats against 99 for ZANU and 10 for MDC-Mutambara. When at last the (flawed) results of the presidential vote were announced they showed that Tsvangirai had won most votes but fell short of an absolute majority, necessitating a second round in June. The ensuing violence made Tsvangirai withdraw from the race and hence Mugabe won these elections.

Under pressure of South Africa and after lengthy negotiations, MDC and ZANU then entered into an agreement (GPA, Global Political Agreement) and on 13 February 2009 they formed a Government of National Unity, GNU, with Mugabe as President and Tsvangirai as Prime Minister. A modicum of normalcy returned when in June 2009 the new government did formally away with the now worthless Zimbabwe dollar (most people and businesses had been using the US\$ dollar already since December 2008) and introduced the South African Rand, the Euro and the American dollar as the going currency. This stopped the inflation overnight.

iii. The cooperative movement

In the 2000s government had become unapologetically capitalist oriented as witnessed also by its new cooperative policy of 2003. In the new policy no longer any mention was made of a socialist state as the aim of development policy. *"In the early 80s, the government resolved to develop its economy along socialistic lines. However, with the general fall of socialism internationally, the government, in line with international trends, adopted the market oriented economic approach"*, thus, the new policy document. Almost casually the document mentions in the foreword that the operational environment had changed amongst other due to globalisation and economic liberalisation and that as a result the formulation of a new policy was

necessary to enable cooperatives autonomy to set up self-sustainable business entities³⁴. The 2003 policy document noticed that by then there were 3,575 registered cooperatives (up from 1,800 in 1987) with a total of over 200,000 members and hence more than a million people depending on cooperative activities out of a population of 9,5 million³⁵. This was just before the inflation would accelerate to worldwide unprecedented levels.

f. 2009, GNU, Government of National Unity

In November 2015, during his budget statement, Finance and Economic Development Minister Patrick Chinamasa revealed that between 2011 and 2014 some 4,610 firms had closed, resulting in 55,443 workers having been retrenched³⁶. Moreover, the overreliance on mining had promoted jobless growth as, while its share in output had grown from 3.4% during the period 1991-96 to 10.7% by 2012, its share in employment had declined from 6.6% in 1980 to 3.4% by 2014. As the economy de-industrialised, the role of formal and informal small and medium-sized enterprises in the economy grew such that they employed about 60% of the workforce and contributed about 50% of GDP. However, 85% of Micro, Small and Medium Enterprises (MSMEs) remained unregistered³⁷. As employees were retrenched, some of them started cooperatives. Unfortunately, quantitative data are not available.

Once they had seated themselves on the governmental plush, MDC and ZANU legislators alike seemed more engrossed with their own good than with the lot of the poor. Among others, they each demanded and received a US\$ 1,400 base monthly salary, a write-off of their US\$ 30,000 car loans and a once-off US\$ 15,000 sitting allowance bonus. In May 2012 MPs demanded residential stands at subsidised prices in “respectable suburbs”, thereby literally revealing how much they had distanced themselves from their constituencies. A major bone of contention in

34 Ministry of Youth Development and Employment Creation, 2005; *“The Revised Government Policy on Cooperative Development”*

35 It should be noted however that the registration system of cooperatives did not provide for systematic deregistration of inactive societies, so the number of active cooperatives must have been considerably lower.

36 The Chronicle, 2015 Nov 28; *“4,610 companies collapse, 55,443 workers stranded”*

37 Kanyenze, G., 2016 Sep 13; *“Zimbabwe’s Economic Performance”*

the 2013 parliamentary discussions about the new Constitution³⁸ was the height of the daily allowances, MPs were to receive during the consultation process. Of course, in these matters ZANU MPs behaved similarly, but the MDC had promised to do away with such practices³⁹.

In 2013, according to the then Ministry of Small and Medium Enterprises Development and Cooperatives, there were in that year 6,500 registered cooperative societies, representing - at an assumption of in average about 100 members per society – some 650,000 members. Again, however, it should be noted that these numbers included societies which were not or no longer active. Moreover, independent, alternative sources were not available to corroborate these numbers. Over the years the cooperative movement would never be accorded its own Ministry, again signifying the low priority government accorded cooperative development.

g. 2013, ZANU back in power, a faltering state

After a short revival after the introduction of a multi-currency regime in 2009, Zimbabwe's economy had started to slump again in 2012 as it was facing an increased cash flow crisis. As the main currency was now the US\$ dollar, every single one had to be earned through exports. However, Zimbabwe imported even goods and services that could be produced locally and thus imports became structurally higher than its exports. An increasing cash shortage arose. To ease daily payments, the Reserve Bank of Zimbabwe began in December 2014 to release bond coins, soon followed by 2 and 5-dollar bond notes. These bond notes and coins were formally at par with the US\$ dollar. However, as they were not trusted and wanted by Zimbabweans, in practice they became worthless, some 10% to 20%. "Plastic money" i.e. bank cards were and are also increasingly used for daily transactions, although again at a mark-up.

38 The three political parties ZANU-PF, MDC-T and MDC-N negotiated a new proposed constitution after a constitutional outreach program. The new constitution was approved in a referendum on 16 March 2013.

39 Martens, J., 2013; "Zimbabwe Elections: What if there had been no vote rigging?"

Notwithstanding that in October 2013 the GNU government had launched an ambitious new policy, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation, ZimAsset (October 2013 - December 2018)⁴⁰, Zimbabwe was now experiencing a structural regression reflected in the increasing dependence on natural resources, de-industrialisation and informalisation. The overreliance on imports, even for goods and services that could be produced locally, had created an unsustainable trade imbalance. Because of the de-industrialisation, beneficiation was taking place minimally. Of the US\$2 billion export earnings during the period January to October 2015, at least 80% were primary commodities (agricultural products and minerals), over 50% of which were minerals. This also rendered the economy increasingly vulnerable to external factors such as drought and the vagaries of international com

Undoubtedly, the cooperative sector must have suffered as much as the rest of the economy. Unfortunately, no studies or data are available for the period. The only document found is the record of a speech the Minister of Small and Medium Enterprises and Cooperative Development, Cde Sithembiso Nyoni gave in Parliament about the state of the sector in July 2016. In it she mentioned the following figures, reflecting cooperatives which had (re)registered since 2009:

Fishing cooperatives	127
Manufacturing	97 (of which 10 in Mbare)
Arts and Craft	57
Transport	19
Agricultural cooperatives	194
SACCOs	254
Mining	92
Housing	4,000 (representing a membership of over 500,000)

It should be noted that these are only cooperatives which registered for the first time or older cooperatives which reregistered (and/or sent in their annual financial statements). There might be more which are still in operation but did not communicate with the Ministry. Again, these figures could not be corroborated with other sources.

40 In the Zim Asset document cooperatives are mentioned several times, however no specific measures are announced.

h. November 2017, Zimbabwe open for business

The end of Mugabe era ushered in a regime that professed the need for growth and investment in Zimbabwe. The new government announced that 'Zimbabwe is open for business'. It remains to be seen however in how far the economy has benefited from this mantra. The evidence on the ground however doesn't support the notion that the environment for doing business in Zimbabwe has improved. The policy framework remains unsupportive to small business. As for the cooperative movement, government was not clear even under which Ministry the cooperative sector should be housed resulting in its staff not knowing what to do. Under the new cabinet of President Emmerson Mnangagwa, announced on 30 November 2017, cooperative development was moved to the Ministry of Industry, Commerce and Enterprise Development, only to be moved to Women Affairs a few months later.

ZANU itself did not change either, it was only that the Lacoste faction scored a decisive victory. Moreover, the military had now come in the open and involved itself in matters of government. The good thing is that, because President Mnangagwa wants to attract international investors, the upswing to the elections (to be held probably in July) might be more peaceful than in the past. However, the unfortunate death of the figurehead of the opposition, Morgan Tsvangirai on 14 February 2018, might increase ZANU's chances to win the elections even without violence and rigging. This is even more likely as the opposition is fragmented and consists of more than 100 parties entering the race for July's harmonised elections.

Still, whatever the outcome of these elections will be, the economic path that the new government will choose will again be a neo-liberal one, no matter that the structural adjustment programme of the nineties largely failed. This might give some relief for a few years, that is if international investors will come in, start new businesses and thus create some employment. However, in the longer run more progressive and people centred policies will be needed. The cooperative movement should be awakened from its slumber, get organised and spearhead the advancement of such policies.

Financing problems faced by collectives

One of the main problems collective cooperatives faced was the securing of funds for investment and operations. The most likely source for agricultural cooperatives would have been the government through the Agricultural Finance Corporation. This government agriculture bank used to give loans especially to white commercial farmers during the Smith regime and even afterwards. Agricultural cooperatives however were not considered for this facility. They had to find other sources to fund their agricultural activities. At the same time most cooperatives were not considered for a loan or an overdraft facility with commercial banks either. Even suppliers of raw materials, stock and other inputs like National Foods, and seed and fertilizers companies did not offer credit facilities to collective cooperatives. Cooperatives had to pay cash upfront for all their equipment, materials and supplies. This situation seriously hampered collectives taking off as many faced undercapitalisation.

The mobilization of members and member education campaigns, regular meetings, seminars and workshops helped the collective cooperative movement gain good group momentum. Most importantly they knew they were not alone in the new battle for economic independence.

The government has introduced a programme that support farming in Zimbabwe which has been named "Command Agriculture". It is not clear whether agricultural cooperatives can also benefit from such initiatives.

Co-ordination of donor support

Realizing the need to support cooperatives in Zimbabwe, a number of donor organizations came together to form a platform or co-ordination mechanism of resource mobilization. They called it Coplan. Organizations such as CUSO Zimbabwe, HIVOS, FOS Belgium, SNV, Oxfam UK, Oxfam Canada, Novib and others came together to share information on how best to support cooperatives. At times they invited OCCZIM leadership to such meetings but sometimes not. They also sometimes tried to interfere in OCCZIM internal affairs. The forum did not discuss funding only but also issues like the structure of the collective cooperatives from primary society to the national level and how such structures could be funded or supported. They also discussed the relationship between cooperative organizations and government. Some donors or non-

governmental organizations preferred to support primary societies while others preferred to support the district, provincial or national structures.

While this co-ordination initiative by donors was a commendable effort to support OCCZIM and other cooperatives in a more structured way, the drawback was that OCCZIM was not in the driver's seat and thus had to adjust its plans according to the donors' interests and priorities instead of the other way around. Donors sometimes exerted undue influence when decisions were taken which they did not like much.

In 1987, OCCZIM leaders went on another fundraising trip abroad which among others resulted in a twinning agreement with the Agricultural Institute of Canada (AIC) including a training and exchange programme in conservation farming. As a result, many agricultural cooperatives introduced conservation farming which improved the soil, led to increased yields and improved food security.

The Collective Self Finance Scheme, CSFS

It is not clear whether the CSFS was formed by cooperatives or by donors. In any case it was a clear breakaway in 1989 from OCCZIM, by disgruntled members of eight collective cooperatives who felt that they had been passed over in the elections. The formation of CSFS enabled the member cooperatives to access credit through a triangular set-up between the then Zimbank, Rafad in Geneva and CSFS. Rafad managed a guarantee fund, which acted as a buffer for all loans granted and guaranteed by CSFS though Zimbank. The formation of the CSFS created some confusion among collective co-operators as OCCZIM operated also revolving loan funds at the district union level, supported by some sympathetic donors. In 1990 CSFS and OCCZIM signed a pact to streamline their co-operation.

Despite the above development, a number of Embassies, High Commissions and the European Commission Micro-finance project fund supported a number of cooperatives throughout the country. While some chose to give support through the national OCCZIM office and provincial or district unions, others decided to go directly to the primary societies. Those who chose to go through the district, provincial and

national offices did so because they did not have staff to monitor their support given to cooperatives. So, the national office would assign PFOs and district or provincial unions' staff to monitor support given to primary societies. This support saw many cooperatives both collectives and non-collectives receiving support for their cooperative businesses. While some managed the resources profitably, others did not.

CSFS in the meantime, created initially some impact by giving loans to several agricultural collective cooperatives and others which needed larger sums of money or loans to fund tobacco, wheat, or fund other projects at a commercial level. However, many of the loan takers defaulted. After some years, during the ESAP, when many cooperatives folded, CSFS started extending its loan portfolio to unincorporated groups and small and medium enterprises.

The support given to cooperatives boosted the cooperative spirit, the spirit of collectivism and solidarity. In turn, it boosted their production and many cooperatives started to report progress and profits or surpluses in their cooperative annual general meetings. There was good production output in agricultural cooperatives as many of them recorded good yields of their maize crop. Cooperatives such as Simukai, Shandisai Phungwa, Fundanevhu and Tembanani recorded good yields but also good quality tobacco and wheat crops. Other cooperatives that did well included those in Makoni District Unions such as Kuedza Masimba, Magura Batanai and Tanhi. Cooperatives of the Musengezi District Union like Rudaviro, Kumaka kwavatemala, Mukuvapasi and Changamukai even produced for export.

Chapter 2

Types of cooperatives in Zimbabwe

Cooperatives operate in all sectors of the economy and in some economies, their economic and social influence is considerable. Cooperatives come in different forms and sizes, and have different origins but the type of each cooperative is largely defined by its objectives and subsequent activities it undertakes for its members or through its members. Thus the principal objective of a cooperative lays out its type. Given the great variety of sectors in which cooperatives operate, it may be difficult to list all of them in their respective sectors. Be that as it be, all types of cooperatives are bound by the same values and principles as discussed in Chapter 1.

2.1 Types of Cooperatives

a. Agricultural Marketing and Supply Cooperatives

Agricultural cooperatives help growers with the marketing of their harvest by obtaining consumer goods and farming input as well as helping with the management of farming credit. Farmers can also form a distribution cooperative to centralize and market farm produce. By reducing the number of middlemen, producers are in a position to conclude a much better deal with traders or can quite simply do without their services altogether and conclude a contract with any buyer they like.

Originating in Europe, the formal concept of cooperatives was introduced in Zimbabwe in 1909, in the agricultural sector, with the promulgation of the Agricultural Societies Act. However, the Act and the resulting agricultural marketing and supply cooperative societies were meant to serve the interests and needs of the white commercial farmers only.

The introduction of modern farming methods in 1950s and the institution of taxes induced African farmers to produce more than they needed as families. More and more cash crops were grown and marketed, despite that the majority of the farmers were allocated land in areas with very poor soils and little rainfall while there was no infrastructure for irrigation either. The Cooperative Societies Act became law in 1956. This was the beginning of the agricultural marketing and supply cooperatives, ASCs or AMSCs. In 1972 a national umbrella called CACU, the Central Association of Cooperative Unions was formed. In its hey days it had 16 cooperative unions at district or provincial level.

After Independence the number of agricultural cooperatives rose from 343 in 1980 to 1904 in 1990. This was mainly because AMSCs were given the main responsibility for input distribution—financed through the Agricultural Finance Corporation (AFC)-- to communal farmers. Liberalisation of the markets in the nineties led to increased competition and as a result by 2000 the total number of AMSCs had gone down to 435 with an estimated membership of 120,000.

The Cooperative Societies Act became law in 1956. This was accompanied by the establishment of an implementing agency i.e. the Registrar of Cooperatives. The law enabled peasant farmers who were too small to market their produce or to source input supplies economically, to pool their limited resources in these farming activities. This was the beginning of the agricultural marketing and supply cooperatives, AMSCs or Agricultural Service Cooperatives, ASCs. As in all British colonies, it was based on the British-Indian Pattern of Co-operation (BIPC)⁴¹. The purpose of the 1956 Act was to allow for the formation of agricultural service cooperatives in the tribal trust lands (later renamed communal areas), to organize bulk purchase of farm inputs, to provide marketing outlets for the surplus production from the peasant sector, and to organize transport of members' agricultural produce to the Agricultural Marketing Boards. Early efforts to establish cooperatives however, focused on the African Purchase Areas (now called small-scale commercial farms). The first cooperative set up in a tribal trust land was in Madziwa in 1960. Among the early cooperatives were those in cotton growing areas like Gokwe⁴².

41 Muenkner, H., 2013; *"Worldwide regulation of cooperative societies, an overview"*

42 Nyandoro, M., 2017; *"The Gokwe Irrigation cooperative society and its role in Sanyati (Zimbabwe), 1967-1969"*

In 1960, it was estimated that there were 20 agricultural marketing and supply cooperative societies registered under the Cooperative Societies Act. At Independence in 1980, the AMSC movement comprised 343 registered primary societies with a membership of about 70,000 communal farmers. Seven years later the number had increased to 527 cooperatives with a membership of 125,000⁴³.

b. Savings and Credit Cooperative Sector

Savings and Credit Co-operatives or SACCOs are members of NACSCUZ, the National Association of Co-operative Savings and Credit Unions of Zimbabwe. It is overseen by the Ministry of Small and Medium Enterprises and Co-operative Development and until today regulated by the Co-operative Societies Act [Chapter 24:05]. The sector is bound by the International Credit Union operating principles of equal rights to members and participation in decision making without regard to the amount of savings or deposits. The main thrust of this sector is to encourage thrift through savings.

According to the Ministry around 321 SACCOs have been registered since 2009.

A savings and credit co-operative society or club is composed of a group of people who get together to pool their savings and make loans for each other at reasonable rates of interest. The group also educates its members on the wise use of money, so they can improve their lives. To make the process easier, the group maintains a business structure, a self-help organization which functions as an intermediary between savers and borrowers. The members of the group own and control the organization according to the co-operative principles and the Credit Union Operating Principles as approved in August 1984 by the World Council of Credit Unions, WOCCU. They are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help and the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community.

43 World Bank, 1989; "Zimbabwe Agricultural Cooperatives Sector Review

The main difference between banks and credit unions is that credit unions are owned by all members who do business with the credit union and are involved in the credit union operations, whereas banks are owned by shareholders and ordinary people and customers have no say in the way that bank is managed. Credit Unions are managed by the people for the people, to help themselves in their financial needs particularly those of low-income groups and at grassroots level, whereas banks are generally working for medium to high income groups and operate for the sole purpose of making a profit. Banks issue generally bigger loans and ask for collateral security, whereas credit unions will issue loans when a member is known to be responsible and can demonstrate his or her ability to repay the loan. They offer loans to members for provident (for household goods, funerals, school fees, hospital fees, weddings etc.) as well as productive purposes.

Credit unions therefore empower people to take control of their finances through encouraging savings, as well as providing loans. They provide an on-going, self-sustaining model for community-based-micro-finance through mobilization of savings. They encourage self-reliance rather than dependency and aim to benefit community groups rather than individuals, effectively raising the standard of living for that community over a period of time.

Savings and Credit Cooperative Societies or clubs for that matter play an enormous role in the communities within which they exist. The World Council of Credit Unions observed in "Credit Union World" Vol, 2.4 December 2000 that "*credit unions are noted for their ability to fill vacuums left by commercial banks, especially in terms of client outreach and affordable, quality financial services. Furthermore, credit unions stimulate competition in the financial services industry by offering consumers an alternative to commercial banks and other financial services providers*"⁴⁴.

44 As quoted in Smith, J., 2001; "NACSCUZ; a briefing dossier for the National Association of Cooperative Savings and Credit Unions of Zimbabwe"

Common bond

Credit unions are based around a common bond, which may be:

- Worker based: all the members work for a common employer. In this type of a credit union, members are all workers at a particular company. They arrange with the employer for a monthly stop order so that deductions are made, and savings are pooled and deposited into their account. The companies usually do provide some office space and time to organize and participate in the activities of the credit union.
- Rural based: most of the members are found in the rural community and live close together. They may work within a common geographical area in a ward, cell or district.
- Association based: These are where members belong to a common association such as a church, women's club, sport or a burial society.

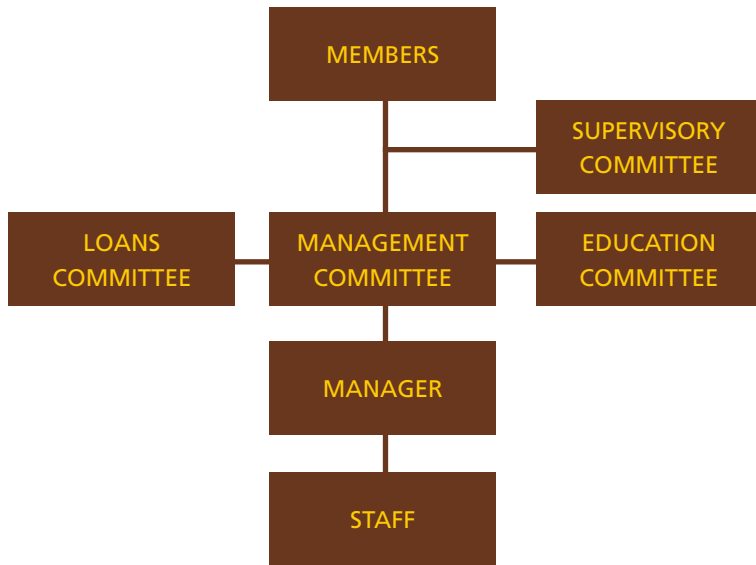
In most cases, worker-based credit unions are more successful than their counterparts. This is because of the steady and regular inflow of savings through stop-orders on their monthly salaries or wages. The company deducts their monthly savings which are deposited directly into the credit union bank account whereas in the rural based credit unions, savings by members are usually done when they sell their produce at the market. Credit unions are also encouraged for groups who are engaged in income-generating activities like market-gardening, poultry, bee-keeping, sewing or knitting which ensure a steady and constant income.

Structure

A credit union is owned by its members who are the supreme authority and who control it democratically through cooperative principles (e.g. one member one vote) and the International Credit Union Operating Principles. All members must usually have what is known as a common bond i.e. something which binds them together. It is not really practical for all members to be actively involved in the day to day operation of the credit union. For this reason, members are required to delegate their authority to manage the daily administration of the credit union to committees who are elected by the members at the Annual General Meeting (AGM).

These committees are as follows:

Figure 2: Organisational structure of a credit union



Any individual who meets the common bond criteria and who is over the age of 18 years of age may become a member of the credit union. In order to do this, he or she must usually pay a joining fee and purchase a minimum number of shares in the credit union and in so doing becomes one of the owners of that credit union. The new member is then free to deposit savings and apply for loans and participate as an owner of the credit union by attending and voting at the Annual General Meeting.

Credit unions offer a range of financial services which are appropriate to the economic and technological environment within which they are located. In some countries credit unions concentrate on the core activities of mobilization of savings and facilitating credit while most developed countries credit unions offer advanced services such as ATM machines, credit cards, direct debit and other financial services.

The following services were provided to the affiliated credit unions by NACSCUZ:

- Central Finance Facility (CFF): This service worked similar to the one the Reserve Bank of Zimbabwe used to commercial banks in Zimbabwe or for credit unions where member SACCOs were requested to deposit a minimum of 10% of their savings deposits with CFF each month as well as a minimum initial deposit of Z\$15,000 (fifteen thousand Zimbabwe dollars) from share capital when the SACCO registers with NACSCUZ. SACCOs were also encouraged to deposit their cash with CFF on a regular basis.
- Investment Portfolio: CFF used the deposits to gain investment economies of scale through a high interest investment portfolio, to provide a higher return on SACCOs deposits that could be gained by depositing with a commercial bank.
- Short-term Liquidity: This was used to cover savings withdrawals (not loans) for SACCOs experiencing short-term cash flow problems. This helped to give credibility to the SACCOs as they were able to guarantee that their members will always be able to access their savings.
- Insurance: SACCO members pay a small premium for any loan that is provided to cover loan insurance for temporary sickness, permanent disability, death and absconding. No health check-up was required for this insurance cover.
- The other services provided were audit, monitoring and inspection and training. The training department provided various training courses covering roles and responsibilities of each of the main committees. The training department also produced a number of training modules.

Masvingo Teachers Savings and Credit Cooperative

The Masvingo Teachers Savings and Credit Cooperative Society survived because of its organizational capacity and good leadership. It had been able to mobilize savings from teachers throughout the Masvingo Province as it had their salaries deducted by the Salary Service Bureau (SSB) which

pays out the teachers' salaries. This arrangement ensured a steady inflow of income for the society; in its hey days it had some 10,000 members. The society acquired buildings in Masvingo town and bought residential stands for its members and for businesses in various growth points in Masvingo province. More so, members benefited from the society as they were offered loans to buy agricultural inputs, build houses and household goods among others. The same applied to ZCCU, which is a nationwide teacher-based credit union. It also invested its revenues in property and did not lose too much during the hyperinflation.

c. The Collective Cooperative Sector, OCCZIM

In the 1980s the Collective Co-operatives constituted the second largest sector within the co-operative movement after the AMSC sector. Many of them were started by ex-combatants. The decision to form not just any co-operatives but collective ones was a deliberate one; it was grounded in notions about socialism the comrades had gained during training received in the camps in Mozambique, Botswana, Tanzania and Zambia. The initiators wanted amongst others to do away with the division between bosses and workers. They didn't want to just pool their demobilisation payments and invest the money in the stock market or become shareholders in a lucrative business; they rejected such notions as capitalist. They decided to be owners and workers in their own ventures, hence their choice for collective co-operatives. It was within the spirit of people living together, people working together, eating together, sharing the means of production, sharing ideas, information, problems as well as solutions. It was the idea of social solidarity among the people who fought together to gain political independence. At the same time, they wanted thus to contribute towards the formation of a socialist state in Zimbabwe. Hence, their motto "Another battle has begun", this time for economic independence.

As worker co-operatives, they used to operate in all economic sectors of the economy, covering agriculture, industry, manufacturing, construction, transport, consumer, printing, fishing, mining and private security among other services. In 1983, 77 collective co-operatives were registered. In the same year ex-combatants in collective co-operatives came together to form OCCZIM, the Organisation of Collective Co-operatives in Zimbabwe. Gradually, when the need arose, collective co-

operatives would form district unions. District Unions in one province then established Provincial Unions, consisting of 2 representatives from each district union. This structure was formalised and, in the end, a national executive committee, NEC, was formed as the highest organ between annual general meetings. The NEC consisted of 8 provincial representatives, 6 sector and committee representatives (one from agriculture, one from commercial, one from industrial, one from information and publicity, one from the women committee, one from education and training) and the management committee, made up by the national chairperson, the secretary general and the national treasurer. The national administrator was an ex-officio member. Meetings of the NEC were initially conducted once in every three months and later every two months. The work of 8 employed Provincial Field Officers was essential for the growth and strengthening of the organisation. The OCCZIM newspaper the Vanguard was also important for communication, education and building togetherness within the organization. Around the time that the 1987 third AGM was around the corner, the movement had transformed itself into a well-structured organisation, with clear representation and voting procedures.

One of the main problems collective co-operatives faced was the securing of funds for investment and operations. This very seriously hampered collectives taking off, as many faced undercapitalisation. As government support was minimal and banks were reluctant to give loans, donor support became essential for the establishment and operations of OCCZIM. The drawback however was that OCCZIM was no longer in driver's seat and thus had to adjust its plans according to the donors' interests and priorities instead of the other way around.

By the year 1988/89, the number of collective co-operatives under OCCZIM including the district unions, had grown to 600. However, from then onwards, because of the ESAP challenges, operating became more and more difficult and the OCCZIM NEC decided in 1996 to restructure and cut back its operations. When in 2000 irregular land occupations and the Fast Track Land Reform took place, many agricultural collective co-operatives demarcated their farms and shared them amongst the members to avoid occupation. Members were now working both at the collective co-operative production part and on individual plots. The sharply increasing inflation from 2002 to 2008, the economic meltdown

and the resulting shortages of virtually anything, affected the collective co-operatives also badly, agricultural and non-agricultural alike. Moreover, from the onset of the Fast Track Land Reform in 2000, most international organizations that were providing support to OCCZIM, its district and provincial unions as well as some collective co-operatives, stopped their funding. By 2017 there were only about 34 collective co-operatives societies left, most of them OCCZIM members.

d. The Housing Cooperatives

The primary function of housing cooperatives is to provide housing. **Housing co-ops** can be structured as for-profit (individual ownership of unit) or non-profit (collective ownership of facility). The history of housing and housing cooperatives in Zimbabwe is a chequered one, dotted with scandals of political, administrative and financial nature. However, it also knows shining success stories.

The Zimbabwe National Association of Housing Cooperatives (ZINAHCO) represents the housing cooperatives in Zimbabwe. Housing cooperatives that are affiliated to ZINAHCO are mostly those which were formed around 1985. The others were formed in 2000 and following years when more land was occupied around the Greater City of Harare and other towns. Although the government and local authorities provided support and assistance to housing cooperatives through designating land for housing, some of the land taken by members of the housing cooperatives was not designated. This resulted in some housing cooperatives having their housing units demolished. Operation Murambatsvina (Restore Order) in 2005 and other operations were carried out by local authorities and government against some of these illegal housing cooperatives. Operation Garikai/Hlalani Kuhle or 'Operation Live Well' was meant to address the ills of Murambatsvina. However, the operation was chaotic, top down, full of favouritism and moreover excluded the deserving victims of Operation Murambatsvina⁴⁵.

45 Mpfu, B., 2011; *“Operation ‘Live Well’ or ‘Cry Well’? An Analysis of the ‘Rebuilding’ Programme in Bulawayo, Zimbabwe*

The sharply increasing inflation in the 2000s with its culmination in 2008, bankrupted many housing cooperatives who often had to start again from scratch. Unfortunately, political machinations to gain favours with voters through promises of stands also perturbed the housing programme with many people being duped in paying towards illegal schemes.

Apart from ZINAHCO there is another national apex organization called the Confederation of Cooperative Service Apex, COCSA, which was registered in September 2016. COCSA represents mostly housing cooperative unions but has also accepted members from other economic sectors which include primary societies and pre-registered cooperatives. It is estimated that by 2016 there were in total 4,000 registered housing cooperatives in Zimbabwe affiliated to the above-mentioned unions and apex organization with a total membership of over half a million nationwide⁴⁶.

e. The Mining Cooperative Sector

Over the past thirty years, there has been an exponential growth in the population of artisanal and small-scale miners, fueled by record unemployment, high commodity prices, and a decline in agricultural activity due to droughts and economic crisis. Nowadays, some 1 million individuals earn a direct livelihood in artisanal, small-scale mining⁴⁷. Of these, more than 40,000 artisanal miners are registered with the Zimbabwe Miners Federation⁴⁸. A small fraction of them are organised in cooperatives. It is estimated that in 2013 there were 49 registered cooperative societies with a membership of 3,000 individuals. Several of these cooperatives were formed when a mining operation closed, and workers took over the mining business. The Zimbabwe Mining Development Corporation (ZMDC) through the Ministry of Mines assisted mining cooperatives with technical and other assistance. They later asked them to form unions to provide the services which ZMDC was providing them with. At national level the mining cooperatives are united

46 Ministry of SMEs and Cooperative Development, 2016 *“Ministerial statement on the state of cooperatives in Zimbabwe”*.

47 PACT, 2015; *“A golden opportunity: Scoping study of artisanal and small-scale gold mining in Zimbabwe”*

48 Financial Gazette, 2015; *“Govt to formalise small-scale miners”*

in the National Association of Mining Cooperatives Union, NAMCU.

Cooperative mining activities are concentrated in Mashonaland West province where the first 28 mining cooperatives started. Chrome mining has the biggest involvement by cooperatives with in 1990 about 29 registered societies mostly along the Great Dyke range north western region, prospecting having 11, gold 5 and tin or tantalite 4 societies⁴⁹. Mining cooperatives are organized as collectives; members do all the necessary work under the leadership of a management committee. The operations are not very sophisticated because of lack of equipment and machinery. In most cases, it is open cast mining.

The Government of Zimbabwe has interacted with artisanal and small-scale mining in the past thirty plus year in different ways. In the 1980s it largely ignored the growing sector but in the 1990s it became a global leader as it legalised gold panning and stabilised gold prices. In the early 2000s, against the background of deteriorating economic conditions, the government actively supported the sector through low-interest equipment loans, liberalising gold buying, and providing technical support. However, when most of the gold ended up in the informal market the government responded with fury in the form of Operation Chikorokoza Chapera (“illegal small-scale mining has ended”), which effectively criminalized artisanal and small-scale miners and adversely affected also many legitimate ones. In the past years however, government has started to re-engage with the sector and its formalisation⁵⁰.

By 2016 there were 92 mining cooperatives, mainly in gold and chrome mining in five provinces⁵¹.

f. Fishing Cooperatives

Many of the fishing cooperatives, which operate like worker cooperatives or collective cooperatives, are found in Mashonaland West especially in Kariba town where they fish kapenta in the Kariba dam. In 1985/86

49 Zimbabwe Mining Development Corporation and the National Association of Mining Cooperative Union (NAMCU) report, 2007

50 The Chronicle, 2016; “*Formalisation of small-scale, artisanal miners to boost gold production*”.

51 Ministry of SMEs and Cooperative Development, 2016 “*Ministerial statement on the state of cooperatives in Zimbabwe*”.

there were 18 kapenta fishing cooperatives with a membership of about 450 individuals who were based in Kariba⁵².

The major business activity in the fishing sector is the catching, processing, packaging and selling of fish. As collective cooperatives, members themselves do the fishing and all the activities that go with it.

Marketing of the fish is carried out by each cooperative individually and mostly to established companies and markets. These companies visit the lake and dams on a regular basis, collecting fish from the fishermen. Some fishing cooperatives market their fish through agencies in urban areas.

The hyperinflation that affected many businesses in Zimbabwe did not leave the fishing cooperatives unscathed. Some of them had to cross the border to Cabora Bassa in Mozambique where they entered into joint ventures with other fishing cooperatives. A number of fishing cooperatives closed as they could not afford the high cost of equipment, maintenance, fuel and other costs related to operations. Kapenta and bream fishing cooperatives have in recent years also suffered from overfishing.

According to the Ministry of SMEs and Cooperative Development, by 2016 the number of fishing cooperatives stood at 127 ,with a total membership of 4,500 individuals⁵³. At national level they are represented by the Fishing Cooperative Union, FCU.

g. Manufacturing Cooperatives

The manufacturing cooperative union was formed in 2001 but is not yet registered due to challenges in terms of co-ordination, organization and mobilization of members in this sector. According to records in the office of the Registrar of Cooperative Societies in the then Ministry of Small Medium Enterprises and Cooperative Development, there are in 2017 97 registered manufacturing cooperative societies. They are engaged in various activities from manufacturing window and door frames, to wheel barrows, scotch carts, hoes, and axes, while others are manufacturing building materials such as roofing materials, damp course, mesh wire and

52 ILO, 1996: *“Country Study on Cooperative Development and Structural Adjustment in Zimbabwe”*.

53 Ministry of SMEs and Cooperative Development

other fencing materials. Some are into sewing garments and uniforms or in shoe making. Many are making household and office furniture. Some cooperatives in Kariba are into manufacturing detergents for cleaning and have also provided cleaning services. Some of the manufacturing cooperatives acquired high class machinery and tools which they used in their factory and managed to produce high quality furniture for export within the SADC region. The majority of the manufacturing cooperatives started after hundreds of private companies closed businesses and workers took over during the ESAP in 1990 and during the hyperinflation years 2000 to 2008.

h. Arts and Craft

The Art and Craft Union is not yet registered but is affiliated to the ZNCF. The reason of not being registered is the same as that of the manufacturing union. They are fragmented and co-ordination and organization of art and craft cooperatives to come together and work as a union have not been successful.

The Cannon Peterson Art and Craft Cooperative Society located in Mbare, Harare is one of the oldest art and craft cooperatives in Harare. In Bulawayo the Art Roots Art and Craft Cooperative was also started in early 1980s. According to the Ministry, 57 arts and craft cooperatives were registered between 2009 and 2016.

i. Transport

Registered transport cooperatives started in 1980 with Ujamaah Buses Transport Cooperative Society which plied the route from Harare to Masvingo. It was formed by ex-combatants who pooled their demobilization allowances together and contributed them towards capital. This was followed by Simba reVanhu buses and haulage transport cooperative society which was based in Mudzi district near Mutoko.

The transport cooperative union is also not yet registered although it is affiliated to the ZNCF. They are still fragmented and scattered all over the country. By 2016 the Ministry had registered 19 transport cooperatives.

Some of the strong and reliable transport cooperatives are found in Bulawayo. One of them is Tshova Mubaiwa Transport Cooperative Society which has a large fleet of mini buses as well as long distance buses. Rixi taxis have been operating in Harare from the early eighties.

j. Health Care Services

The Bulawayo Nursing Care Cooperative Society Ltd is one of the two health care cooperatives registered in Zimbabwe. It is a collective and is affiliated to OCCZIM. Apart from being registered by the Ministry responsible for cooperative development, they are also registered with the Ministry of Health and Child Welfare. Their main activity is to provide health care services to patients who visit them. They are also into home-based care where individuals can request a nurse to provide the necessary service of their patient at home. Another activity is that they are training private nurses. They have qualified medical professionals.

k. Private Security Cooperatives

There are four registered private security cooperative societies in Zimbabwe. The first one being Alarmist Security Cooperative Society was formed in 1983. The other ones are Cobra Private Security Services Cooperative Society, Haps Security Cooperative Society and Trust Security Cooperative Society. Apart from being registered as a cooperative, they have to be registered with the Ministry of Home Affairs, who checks on the profile of membership before they issue the permit to operate as a private security. In most cases, former members of the police force or military are active in this field. The private security cooperatives provide security services to private companies, non-governmental organizations as well as private residential properties. Their security services include also cash in transit services.

Although they meet on a regular basis to discuss issues of their security business, the security cooperatives have not yet established a union. They are affiliated directly to ZNCF.

Thanks to their variety, cooperatives play a major part in the economic activity of every country. Today millions of people, some of whom

would be otherwise unemployed, are members of cooperatives. In some instances, the cooperatives are the principal employers to many people. The impact of cooperatives on the national economy can also be measured by their share of the market and since cooperatives exist in all sectors of the economy, they are expected to significantly contribute to the national social progress and GDP.

However, in Zimbabwe, the influence, viability and impact of cooperative sector have been greatly affected by incessant economic challenges and bad governance issues. At times the economic challenges have even affected the credibility and integrity of the cooperative sector in instances whereby the leadership fail to deliver objectives to the members or the cooperatives fail to observe and adhere to the principles. This has been very prevalent in the housing cooperatives and credit and savings cooperatives where unsuspecting members have fallen prey to some greedy members, who form cooperatives and quickly vanish into the thin air with members' contributions.

I. Workers Cooperatives

The main objective of worker cooperatives is to create jobs for members. There are two categories of worker cooperatives: producer cooperatives and labour cooperatives.

Labour cooperatives - are worker cooperatives whose members sell their labour and skills to other enterprises. They generally operate in the fields of packing and maintenance of highways and public buildings, etc.

Producer cooperatives - under this type of cooperative, members are both co-owners and employees of the cooperative whose aim is to produce goods and/or services. The employees together decide on the general direction and appoint their leaders (manager, administrators, etc.) They also decide how to divide up any surplus. Another novelty of this type of cooperative is that it allows for the takeover and restart of a bankrupt business. This option is one way of keeping going and developing the business and existing jobs. To restart a business as a producer cooperative is to enable employees to become players in the business, thanks to the participative style of management. Worker cooperative is a values-driven business that puts worker and community benefit at the core of its purpose.

The two central characteristics of worker cooperatives are:

- workers own the business and they participate in its financial success on the basis of their labor contribution to the cooperative
- workers have representation on and vote for the board of directors, adhering to the principle of one worker, one vote

According to the ILO 'Worker cooperatives are emerging as an organizational model responding to the changes within the world of work. They have a specific democratic governance structure of member-worker-owners, where decisions are made by those directly involved in the enterprise. Any type of business can be worker-owned and controlled as a cooperative, and worker cooperatives can provide ways for organizing new forms of work with less dependence on the employer and increased flexibility and collaboration among workers.

The following examples are concrete illustrations of the potential of cooperatives in terms of employment and service provision in developing as much as in industrialized countries. "Spring Master" was known in Zimbabwe as the biggest furniture manufacturer, but at the country's independence the European property owners left and in 1984 the company was dissolved. A group of former employees then decided to create the "Spring Cabinet Cooperative" to safeguard their jobs.

Another recent example of a workers' cooperative is the one being spearheaded by Zimbabwe Bankers and Allied Workers Union (ZIBAWU). The Cooperative comprises of former members of the union who lost their jobs. The cooperative intends to run a micro-finance so that the former financial services sector workers utilize their expertise in running the cooperative micro-finance.

Chapter 3:

Formation & Governance structures of cooperatives

Having seen that cooperatives can have varied types and activities, we must now concern ourselves with the actual functioning of the cooperative and its way of registration and organisation. Thus distinguish the cooperative's organizational structure from the legal requirements.

As we have seen, cooperatives have moved from the informal set-up to the formal set-up, the formalization largely hinges on adhering to the provisions of the governing laws. The important aspect thereof is registration; which registration marks the commencement of existence of a cooperative as an entity. Once a cooperative is registered, there are many stakeholders that come into place. Such form the institutional framework for the governance and functioning of the cooperative sector, such institutions like government departments, ministries and developmental partners support the well-functioning of cooperatives, at times such institutions provides a regulatory framework.

3.1 Institutional Framework

There were and still are very many stakeholders involved in cooperative development. Many are mentioned throughout the book. It is beyond the scope of this book however to deal with all of them individually. This chapter will therefore deal with a small selection only.

In the first years after Independence government's rhetoric was still clearly socialist. The first "Government policy on cooperative development" of 1984 explained what the role of cooperatives should be in the development of Zimbabwe towards a socialist state. Government policies however, despite the socialist rhetoric, never substantially translated into practice and government's cooperative programmes were underfunded and understaffed. By 1986 the government was buying private companies to turn them into parastatals but also into cooperatives. An example of

the latter was the Fencing Company. However, it seems that the workers themselves did not want to form a cooperative as they did not believe in cooperative principles and its values and ideology. Moreover, the company was a bankrupt concern and the workers never managed to turn it around, among others due to lack of skills and capital.

3.1.1 The Ministry of Small and Medium Enterprises and Cooperative Development

The Ministry of Women Affairs, Community, Small and Medium Enterprises is the government institution responsible for administering the Cooperative Societies Act (Chapter 24:05), which was reviewed for the last time in 2001. It is the regulatory authority under the Office of the Registrar of Cooperative Societies, responsible for registering cooperative societies in Zimbabwe and ensuring that registered cooperative societies adhere to the Act and their by-laws. The Permanent Secretary in the Ministry is the Registrar of Cooperative Societies in Zimbabwe. According to Section 3 (a) to (e) of the Act, the Minister, the Registrar and other officers shall:

- “Encourage the formation of societies in all economic sectors and promote their efficiency;
- Carry out education and training programs for officers, members and staff of cooperative societies;
- Raise the level of general and technical knowledge of officers, members and staff of cooperative societies;
- Encourage and assist in the proper utilization, accounting and management of the funds of the societies;
- Monitor the activities of the cooperative societies.”

According to the Revised Government Policy on Cooperative Development of December 2005:

“The aim of the government is to facilitate the development of a viable and sustainable cooperative movement, which will play a major role in the social, economic and cultural growth of its members and the nation as a whole. Government’s main strategy in achieving this aim is one of empowerment, to enable small and medium enterprises, including cooperatives, to achieve sustainable and long-term growth, resulting in job creation and a better quality of life for the majority of Zimbabweans. The development of an indigenous private sector is central to government policy on cooperative development and to co-ordinate this policy, other significant national development initiatives should assist in achieving maximum effectiveness of the policy on cooperatives”.

As the Ministry does not only cater for cooperatives but also for micro, small and medium size enterprises, its vision, mission and mandate are wider and comprise all 4 sections. The Ministry’s overall functions are to:

1. Formulate and implement policies for micro, small and medium enterprises and cooperative development.
2. Develop legal and regulatory framework for micro, small and medium enterprises and cooperative development.
3. Promote, coordinate and monitor innovative financing schemes for micro, small and medium enterprises and cooperative development.
4. Provide skill and management training that support entrepreneurship and growth of small business as well as cooperatives.
5. Facilitate linkages between large enterprises, MSMEs and cooperatives.
6. Provide business consultancy services to MSMEs and cooperatives.
7. Ensure that infrastructural facilities are provided for MSMEs and cooperatives.
8. Research into investment and marketing opportunities for MSMEs and cooperatives.

9. Develop and maintain a data bank of MSMEs and Cooperatives.
10. Administer the Micro, Small and Medium Enterprises Development Fund.
11. Liaise with and coordinate sector Ministries involved in the promotion of MSMEs and cooperatives.
12. Provide technical designing and production services to MSMEs & Cooperatives.
13. Legal advice
14. Human Resources Management & Development services
15. Provide Financial and Administrative Services

In other words, cooperatives are regarded as just any other business whether they are micro, small or medium size, although the Cooperative Act adds a few, specific, cooperative characteristics.

3.1.2 Zimbabwe National Cooperative Federation

Cooperatives in Zimbabwe are united at the national level under the umbrella of the Zimbabwe National Cooperative Federation, ZNCF, which was registered in 1993. In terms of the Act⁵⁴ the federation should be registered. The Zimbabwe National Cooperative Federation is the secretariat of the Cooperative movement in Zimbabwe falls under the Ministry of Women Affairs, Community, Small and Medium Enterprises. However, not all registered cooperatives are members of ZNCF, in particular some major housing cooperatives go it alone. Most cooperatives are organised at both local (primary) and district (secondary) level, in provincial unions and through national apex organisations.

Cooperative societies can be found in virtually any sector of the economy. Many of them collaborate at secondary or union level within a district or province and through national apex organisations. Nationwide, the apexes are organised in the Zimbabwe National Cooperative Federation, ZNCF.

54 Cooperatives Societies Act, Chapter 24:05

Section 90 of the Act provides for the functions of a federation in respect of cooperatives;

90 Functions of the Federation

1. Subject to this Act, the Federation shall constitute the supreme representative organ of the cooperative movement at national and international level.
2. Without limiting subsection (1), the Federation may, subject to this Act and to its constitution and by-laws, exercise any or all of the following functions—
 - a. to co-ordinate the economic and other plans of the cooperative movement for submission to the Minister for incorporation in the national development plans;
 - b. to compile and provide such general information and advice to its members as will assist them in protecting their interests and enhancing their efficiency;
 - c. to produce or facilitate the procurement of loan facilities, grants and other forms of financial and material assistance for its members from the State or from local and foreign institutions and from elsewhere:
 - Provided that no assistance shall be directly or indirectly procured
 - from any foreign country or foreign-based institution without the prior written
 - approval of the Minister;
 - d. to represent the cooperative movement at international forums and at local seminars, conferences or other meetings to which it is invited for the purpose;
 - e. to sponsor or to facilitate the sponsoring or organization of conferences, seminars and other meetings on behalf of its members for the promotion of good management practices in the running of societies generally;
 - f. to advise and liaise with the Minister in relation to any matter affecting the cooperative movement

Thus from the above the four main functions of ZNCF can be summarized as follows :

a. Representation and advocacy

The ZNCF, according to the Act, could have prepared an action plan based on the activities of the cooperatives and presented it to the Minister for inclusion into the national development plan. The costs for this and other advocacy and representation work, should in the longer perspective be covered by contributions from members in the form of annual subscriptions, contributions from direct business activities within the Federation and or subsidiary companies and by support from other activities and services provided.

b. Economic activities

Business activities should be operated on a purely commercial basis. Many of them could be operated through the Federation initially during their pilot phase and later transformed into subsidiary companies where they have proved themselves. Below are some indications on possible business activities depending on the need of the members, business potential and initial financing.

- The ZNCF can provide relevant insurance cover for the members at all levels. The situation can be the same for members' assets both fixed and movable.
- NACSCUZ is in the financial business of mobilizing savings from its members and providing them with loans at affordable interest rates. The cooperative movement could easily establish seed capital for a Cooperative Bank and effectively compete on the money market, by mobilizing all apex organizations and cooperatives in Zimbabwe to invest in their bank.
- Printing of cooperative education and training materials, stationery for accounting and business purposes etc.

Assist member organizations with the importation of necessary commodities and exports of products. These could be agricultural inputs, products, machinery, equipment, spares, etc. Although a few cooperatives were able to register on their own with the Zimbabwe

Investment Centre (ZIC) and the Export Processing Zone (EPZ) to engage in agricultural production and processing and packaging for export markets, the Federation could as well do it on their behalf thereby benefiting from the value-added products and foreign currency revenue earned from such businesses.

c. Accounting and audit services

Assisting societies at different levels with professional accounting and audit services at an affordable fee to members. The services can also be extended to other small and medium scale enterprises who cannot afford high fees charged by existing big accounting and audit firms who have not yet exploited the business opportunity with this sector.

d. Other service activities

Other services activities could be mainly activities such as development of education and training programs, credit scheme, co-ordination of donor projects etc. This would depend on what donor assistance can be negotiated and obtained.

The ZNCF was founded by 6 structures namely the:

- Central Association of Cooperative Union (CACU),
- Organization of Collective Cooperatives in Zimbabwe (OCCZIM),
- National Association of Cooperative Savings and Credit Unions of Zimbabwe (NACSCUZ),
- Zimbabwe National Association of the Housing Cooperatives (ZINAHCO),
- Fishing Cooperative Union (FCU), and
- National Association of the Mining Cooperative Union (NAMCU).⁵⁵

⁵⁵ These organisations are all members of the ZNFC

Although the membership has since increased, even today not all registered cooperatives are members of ZNCF. Soon after its founding, the Federation became a member of the International Cooperative Alliance (ICA) for the then East, Central and Southern Africa Region and now ICA Africa. However, because ZNCF discontinued paying subscription fees, its membership was suspended.

The ZNCF committee which was elected in September 1999 was tasked to facilitate the development of an economically viable cooperative movement in Zimbabwe apart from the objectives set as a priority. This included advocating for a cooperative development policy which would create an environment conducive to productivity and sustainable development. Most importantly the review of the cooperative policy was a participatory process which involved 10 provinces and cooperative leaders and other stakeholders were consulted and participated in the process. It took till 2003 before “The Revised Government Policy on Cooperative Development” was completed.

Although the ZNCF leadership formulated a number of projects and organised many seminars and workshops for its members which were made possible through donor support, the organisation was hampered by the absence of a secretariat. Until today the secretariat is taken up by the member organisation which is chairing the ZNCF. Own funds from subscription fees were limited and virtually dried up during the years of hyperinflation as it affected many cooperatives, unions and national apex organizations and the payment of subscriptions and joining fees stopped. At the same time the funding from the local and international organizations ended.

3.1.3 The Central Cooperative Fund

Sections 91 – 97 of the Act stipulate that there shall be a fund called Central Cooperative Fund consisting of moneys raised by way of contributions paid in terms of Section 93 and any other moneys to which the CCF may be lawfully entitled, including (1) fees payable to it in terms of the Act, and (2) donations from any person. Part of the funds CCF receives are from registered cooperative societies.

The objects of the CCF is to finance all or any of the followings:

- Education and training of members
- Research in relation to any activity carried on or likely to be carried on by a registered cooperative society
- Audit of accounts and books of registered cooperative societies
- General development of the cooperative movement

Members of the CCF Committee are appointed by the Minister responsible for cooperative development as his/her representatives, of which three come from the cooperative movement and two from the parent ministry.

In the past, the fund was not functioning because of various reasons among them lack of funds. In 2016 the CCF funded ZNCF so it could capture data and information for registered cooperative societies.

3.1.4 Zimbabwe Project, ZimPro

The Zimbabwe Project Trust (ZimPro)⁵⁶ describes itself as an indigenous development agency working throughout Zimbabwe. It was established in 1978 in Britain during the war of independence in Zimbabwe and registered as a charitable organization. ZimPro's main objective was to assist Zimbabwean refugees in many countries. It acted as a pressure group on donor agencies mainly in Europe and Canada and afforded members of these donor agencies the opportunity to meet the people involved in the liberation war so as to increase support for the refugees.

ZimPro was a mediating agency, putting cooperatives in contact with services they required, and also a service organization, providing those services otherwise not available. It also rendered direct assistance to cooperatives in the form of advice in planning, technical, financial and relief matters. ZimPro made training available using its own or

⁵⁶ In 2012, ZimPro published an excellent self-evaluation and introspection, called "*Against the Odds, a history of Zimbabwe Project*" by Mary Ndlovu.

other resources on the entire range of skills required by members of cooperatives. These requirements were considerable if one takes into account the fact that the producer or collective cooperatives with which ZimPro was mainly involved, were engaged in a wide variety of activities covering almost all sectors of the economy. The agricultural collectives were involved in most types of farming and ranching activities. In commerce and trade, the members of cooperatives were engaged in retail supermarkets and in cafes, butcheries, bottle stores and a variety of other trading outlets. The industrial collectives included construction, mining, printing, manufacturing of electrical components, cosmetics, textiles, art and crafts and transport activities. This led ZimPro to embark on a major education and training program conducted through its own Adelaide Acres Training Centre in Waterfalls, South of Harare.

ZimPro was probably the most active of all local NGOs in support of the cooperative movement in general and of the collective cooperatives in particular. In the years since 1980, more than 200 collective cooperatives benefited from a broad range of the services it offered, these being financial (grants, soft loans), educational (pre-school, literacy courses, academic subjects), training (skills, management, bookkeeping, accounting) and brokerage services (with government, banks and other financial institutions).

3.1.5 Zimbabwe Foundation for Education with Production, ZimFEP

The Zimbabwe Foundation for Education with Production (ZimFEP) was established in 1981. Its main objective was the promotion of education with production and job creation for school leavers. It also promoted the integration of academic and vocational education with community building in its schools and in schools that associated with its programs. Under its School Leavers Job Creation Division, training on how to establish or join cooperatives was offered and emphasis was placed on skills necessary for the management of industrial ventures. It was ZIMFEP's belief that the more creative and enterprising school leavers they trained were, the bigger the country's entrepreneurial base. Cooperatives formed under the auspices of ZimFEP continue to receive technical support through workshops and seminars. ZimFEP

provided training and consultancy services to other cooperatives too. It is estimated that to date more than 500 schools are associated with the ZimFEP program on the basis that school leavers will be encouraged to prepare for the establishment of industrial and agricultural producer cooperatives in the wake of a desperate unemployment crisis.

3.1.6 Small Enterprise Development Corporation, SEDCO

SEDCO is a development finance institution created to promote and develop micro, small and medium enterprises in the country. It was formed in 1983 through an Act of Parliament and falls under the Ministry of Small and Medium Enterprises and Cooperative Development. It was established for the purpose of affording credit to persons seeking to start small enterprises. The demand for these funds exceeds the available funding which is the reason why people have to resort to more expensive resources. After an initial enthusiastic support for cooperatives, lending by SEDCO declined and is now restricted to industrial and commercial ventures which exclude the agricultural and mining sectors. Over the years SEDCO was provided with about Z\$150 million for small medium scale enterprises under the indigenous fund promotion by government. Its administrative procedures are long, and it applies strict economic and financial criteria for lending. A guarantor or collateral security is required with 10% equity contribution. Because of these requirements, most cooperatives have stayed away from SEDCO.

3.1.7 Danhiko Project, DP

The Danhiko Project was established in 1981 and established (and still runs) a vocational school, offering training in the disciplines carpentry, garment-making and electronics. Each course ran for a period of two years. Each year the Danhiko Project received lots of applications and its courses were highly demanded by both cooperative members and the less privileged. In most cases, disabled persons were given a preferential status.

3.1.8 Local Training and Service Institutions

Over the years there were a number of Zimbabwean institutions involved to some extent with the cooperative movement. Amongst them were training and service institutions such as the Glen Forest Training Centre, Silveira House, Management Outreach Training Services Rural and Urban Development (MOTSRUD), Kushinga Phikelela Technical College and Hlekweni Rural Training Centre, just to mention a few. The governmental Agricultural Technical and Extension (AGRITEX) department gave assistance and advice to agricultural cooperatives.

3.1.9 Regional Non-Governmental Organizations

A number of regional NGOs were formed with the main aim of promoting networking among cooperatives in the region and co-coordinating the activities of service organizations, reducing duplication of activities and identifying resource persons within the region.

SACNET

One of these was the Southern Africa Cooperative Network (SACNET). It was established in 1989 with the Collective Self-Financing Scheme (CSFS), Glen Forest Training Centre, ZimPro and CORDE (Co-operation for Research Development and Education) in Botswana as the original members. Other organizations in South Africa, Mozambique, Swaziland and Lesotho joined in although the network was not as active as expected by its members in responding to the practical needs of cooperatives in Southern Africa. Its general aim was to formulate a coordinated approach to cooperative development, exchange of information and sharing skills between and within cooperative structures and to service or support rendering organizations. Its long-term objective was to establish a regional cooperative development centre.

SACNET was servicing existing institutions by training trainers, exchanging training methods and developing cooperative systems. On the basis of its regional experience, it acted as a consultant to institutions and cooperatives. It encouraged the promotion and division of labour

among support institutions to the cooperative movement and was generally a resource centre for the cooperative sector. It also identified the areas of leadership and management as areas requiring attention. The ultimate aim of SACNET was to pool together the best ideas from the region and to develop effective tools for solving problems of cooperative development in Southern Africa.

SANDON

Another regional organization was the Southern African Non-Governmental Development Organization Network (SANDON) which was located in Harare. Its declared aim was to change development thinking and practice from the conventional mechanistic, foreign-motivated and patriarchal perspective. This was done through, among other things, grass-roots participatory research that enables the people to understand and control their economic and social development, and the ecosystems that exist between two lines: the one to survive and self-empower, the other to subdue and disempower.

SADET

The Southern Africa Development Trust (SADET) was established in 1990 as an NGO. Its approach was activity-oriented, making use of the organizational training methodology developed in Latin America over 40 years ago. This was achieved by pooling all the available resources, community labour and some inputs within an "Organizational Workshop" which was predicated on the community's full possession of the means of production and the freedom to organize themselves. This helped setting up experience in democratic self-management and social participation. The lectures on the theory of organization included the history of labour, organization, political economics, social psychology of the peasantry and management techniques. In the past SADET held workshops in Zimbabwe, Botswana, Namibia and Mozambique. It was also actively involved in the land redistribution and resettlement in the Hurungwe district in Mashonaland West province.

However, most of the above-mentioned organizations suspended their operations and support especially after the unilateral land resettlement that took place in the year 2000.

3.1.10 Other important institutions /stakeholders

a. Two Ministries

Deposit-taking and credit-only microfinance institutions are organized in ZAMFI, the Zimbabwe Association of Microfinance Institutions and fall under the domain of the Ministry of Finance and Economic Development⁵⁷. Savings and Credit Cooperatives or SACCOs are however members of NACSCUZ for which the Ministry of Women Affairs, Community, Small and Medium Enterprises and Cooperative Development sets the regulatory agenda. Some SACCOs are also member of ZAMFI. SACCOS are regulated by the Cooperative Societies Act [Chapter 24:05, Act No 6/1990, 22/2001). In practice this leads to difficulties, as the Cooperative Societies Act is not specific enough for the governance of the SACCOs (see also later).

NACSCUZ is in turn affiliated to the Zimbabwe National Cooperative Federation (ZNCDF), the national umbrella for cooperatives in the various sectors. SACCOS or Credit Unions are known as primary societies, while Chapters form the secondary societies. Five SACCOS are supposed to make up a Chapter at provincial level, but in 2015 only the Mashonaland West Saving and Credit Union Chapter existed.

57 *"In Zimbabwe, informal lending is controlled by the Moneylending and Rates of Interest Act Chapter 14:14. The Act, besides criminalising lending activities by unlicensed dealers also provides for the registration of all money-lending institutions as well as making them subject to the prudential supervision of the Central Bank. Further, the Act empowers the Central Bank to put interest caps on loans as well as setting statutory reserves for the moneylenders. This is meant to protect borrowers from the arbitrary behaviour of the moneylenders, safeguarding the borrowing public."* (Quoted from: Choga, J., 2013 *"Impact of microfinance on rural smallholder farmers in Mt. Darwin district, Mashonaland Central province in Zimbabwe: A case of FACzhiG Trust"*, page 20-21.

NACSCUZ

As said above, after its birth in 1986, NACSCUZ came to resort under the then Ministry of Community Development and Women's Affairs. Its main aim was to provide technical support services to savings and credit cooperatives. Its other objectives were the provision of training and monitoring and evaluation of credit cooperatives⁵⁸. By 2000 there were 43 SACCOs with a membership of 34,775⁵⁹. Of these, 68% were urban or worker based (of which 19% were based in Harare) and 32% were rural based or high-density community-based Village Banks. Combined, they had an impressive portfolio as can be seen below.

Table 4: Statistics credit unions affiliated to NACSCUZ 1996-2000 (in Zimbabwe dollars)

Details	1995	1996	1997	1998	1999	2000
Members	1258	1,760	2,576	4,043	31,690	34,775
Total credit unions	15	22	24	26	38	43
Village banks	4	6	6	7	12	14
Savings	51,626,219	65,841,587	77,781,624	92,116,376	122,297,886	129,942,759
Shares	4,492,481	6,231,132	7,694,307	11,754,232	15,719,147	17,153,828
Loans	62,797,084	76,489,325	82,367,054	85,561,090	97,776,604	92,870,980
Reserves	3,354	2,929,383	9,586,483	9,596,536	13,858,331	12,949,073
Total assets	99,633	20,490,268	91,099,251	95,753,086	109,169,097	138,342,426

Source: "NACSCUZ History and Background Information"; undated, no author

b. Trade Unions

Over the years the Zimbabwe Congress of Trade Unions, ZCTU, and the cooperative movement co-operated occasionally. In the mid-1980s, the ZCTU and the cooperative movement shared information, ideas, and

⁵⁸ Mago, S., 2013; "Microfinance in Zimbabwe: A Historical Overview", in Mediterranean Journal of Social Sciences, November 2013

⁵⁹ Microsave, 2001; "Use and Impact of Savings Services Among Poor People in Zimbabwe: What It Means for Microfinance Institutions"

experiences about workers because members of cooperative societies and in particular the collective cooperatives are also workers. ZCTU invited workers in the cooperative movement and in particular the collective cooperatives to the Workers Day celebrations on the 1st of May where cooperative workers would showcase their products and services at various venues. At one time, the ZCTU board invited two delegates from the cooperative movement to sit on the board. More so, the ZCTU invited workers in the cooperative movement to various seminars including those organized by the ILO. In 2010, the ZCTU, the Employers' Confederation of Zimbabwe (EMCOZ), the Zimbabwe Cooperative Federation (ZCNF) and the ILO Harare Office organized a joint program for Entrepreneurship and Life Skills Training for Employment Creation that benefited hundreds of Savings and Credit Cooperatives in Zimbabwe. It was conducted in three districts of Goromonzi North, Norton and Gokwe South. A Cooperative Challenge Fund was created to support youth projects engaged in horticulture, bee keeping, livestock production, savings and credit societies, manufacturing etc. However, although there was a cordial relationship between the two movements, structural co-operation did not develop over the years, it remained incidental.

After the start of the Economic Structural Adjustment Program, ESAP in 1991, the ZCTU was faced with the challenge of how to deal with the unemployment created for their members by massive retrenchments. To address this, it established a Projects Department. This department was expected to provide training for retrenched workers who wanted to start their own entities and to provide them with start-up capital. The project also sought to assist workers who wanted to take over enterprises in distress. Through this initiative, workers at Sayprint were able to take over the company. However, this was the only company that the project managed to successfully transform into a wholly-worker-owned enterprise. A total of ten retrenched workers were also assisted in starting their own firms. However, there were serious repayment problems, which resulted in several defaulting SMEs being taken to the debt collectors. By the end of the 1990s, the project was terminated⁶⁰.

60 ILO/SRO-Harare, 2014; *"Giving voice to the unprotected workers in the informal economy in Africa: the case of Zimbabwe"*

Without involvement of a union, workers also took over businesses which had got into financial problems. Two examples are the Spring Cabinet Manufacturing Cooperative Society in Budiriro, Harare and the Super Star Manufacturing Cooperative Society in Bulawayo.

The formation of ZCIEA, the Zimbabwe Chamber of Informal Economy Associations began in 2002 as the result of a joint Zimbabwe Congress of Trade Unions (ZCTU) and Commonwealth Trade Union Council (CTUC) project which aimed to bridge the gap between the trade union movement and informal economy workers and to build the capacity of informal workers to secure economic and social justice. ZCIEA was formed in direct response to the collapse of Zimbabwe's industry because of the Economic Structural Adjustment Programme. The company closures, retrenchments and the inability of formal structures to absorb the job seekers gave rise to massive expansion of the informal economy. A group of 22 Informal Business Associations came together to form ZCIEA. ZCIEA was registered as a trust with periodically elected trustees. ZCTU and ZCIEA have a Memorandum of Understanding which allows them to work together but allow each organisation its independence⁶¹.

c. The informal sector

According to the 2014 Labour Force Survey, 94.5% of employment in the country was at the time informalised, up from the 84.2% in 2011 and 80% in 2004. At the same time 96% of then employed youth aged 15-34 years were in informal employment⁶². In its 2017 – 2021 Strategic Plan ZCIEA recognised this and against this background set out its strategic tasks. The Strategic Plan also noted that the Micro, Small and Medium-Enterprises (MSME) sector accounted for an estimated 60% of GDP and approximately 50% of employment. Moreover, it noted, out of the 3.4 million MSME businesses in the sector with an estimated turnover of at least US\$7.4 billion in 2012 or 63.5% of Zimbabwe's nominal GDP, as much as 85% were not registered or licensed.

As far as cooperatives are concerned, the ZCIEA Strategic Plan only mentioned the establishment of a national housing cooperative. No

61 ZCIEA, 2016; "Five year strategic plan 2017 -2021"

62 ZimStat, 2014; "Labour Force Survey 2014"

mention was made of cooperatives or cooperative development in any of the sectors of Zimbabwe's economy.

In a 2004 study commissioned by ILO/SRO-Harare⁶³, the authors lined up various initiatives taken by the Ministry of Youth Development, Gender and Employment Creation under its employment creation action plan concerning the informal sector. Some of them were the Work Shelter Programme, Business Linkages, People's Markets and Development of Entrepreneurship. Under the heading "Support for Cooperatives" as an option the study mentioned on page 32:

"The Ministry is also responsible for cooperatives. However, given the failure of cooperatives, owing to lack of proper support and encouragement, there is widespread scepticism about their effectiveness."

A harsh judgement at first sight. However, when considering the statement closer, two issues stand out, "*widespread scepticism about their effectiveness*" and "*lack of support and encouragement*". The first one shows that the Ministry itself was not very aware that at the time there were thousands of cooperatives providing a life line to their members. The second one shows that the ministry itself was lacking in its task of supporting and encouraging cooperatives. Thus, the statement backs the thrust of "another battle" that support for cooperative development especially in the informal sector and among the unemployed is crucial to make inroads in grassroots based development and employment creation in Zimbabwe. It is not the failure of the concept of cooperative working, it is the failure of government and the sector itself to give adequate support to the growth of a bottom-up cooperative movement. The resurgence of cooperatives, despite little support, after ESAP, after the disaster of the 2008 hyperinflation and many years of drought, is testimony to its potential.

The cooperative movement should see the present economic situation as a challenge and opportunity to revive the sector and rebuild it. However, an in-depth analysis of its failures and successes is a prerequisite for the formulation of a revival strategy.

63 ILO/SRO-Harare, 2014; "Giving voice to the unprotected workers in the informal economy in Africa: the case of Zimbabwe"

3.2 Legal Framework and Requirements

The main Act for the cooperative sector in Zimbabwe is the Cooperative Societies Act which provides for the rules relative to the constitution, registration, functioning and winding up of cooperative societies, establishment of the National Cooperative Federation and the Central Cooperative Fund and makes provision in general for the development and organization of the cooperative movement in Zimbabwe. The Act further ensures that cooperative societies operate in accordance with cooperative principles and in pursuance of Government policy and self-reliance.

3.2.1 Registration of cooperatives

Sections 10-20 of the Act provide for the procedures and minimal requirements of registration of the cooperatives in Zimbabwe.

Section 10 - Register of Societies

- The Registrar shall maintain at his office a Register of Cooperative Societies
- Particulars in relation to the registration and provisional registration of societies and their by-laws are entered in this register
- The Register shall be open to inspection during office hours by any member of the
- Public on payment of the prescribed fee.

Section 11 - Societies eligible for registration

Any society which has as its object the promotion of the economic interests of its members or other societies in accordance with cooperative principles may be registered under Act as:

- a. a primary society; or
 - b. a secondary society; or
 - c. an apex organization;
- as may be appropriate.

Section 12 - Formation committees (founding members)

The primary functions of every formation committee shall be to:

- a. determine the objects and scope of operations of the proposed society;
- and
- b. organise educational meetings of prospective members on the nature of cooperatives; and
- c. assess the suitability of prospective members and compile a list of
- d. those prospective members; and determine the appropriate contribution to be made
- e. undertake a feasibility study into the economic and practical aspects of the activity to be carried out by the proposed society.

Sections 13-17 Registration Requirements

Requirements for registration:

- a. As a primary society -at least ten natural persons
- b. As a secondary society, at least five primary societies
- c. As an apex organization, at least:
 - twenty-five primary societies; or
 - two secondary societies;
- d. Misleading names are not allowed – names that mislead the public or to cause offence to any person or class of persons or is suggestive of blasphemy or indecency are such which are disallowed
- e. The word “cooperative” shall form part of the name of every registered society.
- f. The word “limited” shall be the last word in the name of every registered society.

Applications for registration

- a. Application should be in the acceptable manner prescribed by the Registrar
- b. An application for registration shall be signed by authorised members
- c. Every application for registration shall be accompanied by—
 - three copies of the proposed by-laws, signed by all the persons authorized to sign the application
 - a record of the resolutions made at the proceedings of the preliminary
 - meetings if any, signed by all persons who attended such meeting and intend to be
 - members;
 - a feasibility study, viability assessment and world programme of the society; and
- d. The prescribed application fee, which shall be payable, to the Central Fund.

3.2.2 Advantages of registering a cooperative

The Act provides that every society shall on registration become a body corporate with perpetual succession and, in the name under which it is registered, be capable of holding property, entering into contracts, of suing or being sued and, subject to the Act, of performing all other acts that bodies corporate may by law perform. This therefore gives its members limited liability of members, thus shall not by reason of their membership be liable for the debts or obligations of the society beyond the amount, if any, unpaid on the shares held by them. This means that the cooperative is a body of its own. It is considered a legal individual, so it takes responsibility for its own debts rather than relying on the employees, directors or shareholders – with the exception of situations when there has been fraud or negligence. Each cooperative member's liability is limited to her respective investment.

3.2.3 Assets of societies

The Act in section 80 places restrictions on disposal of property by registered societies. Thus no registered society or member or employee of any such society, shall-

- sell,
- donate,
- or dispose

of any movable or immovable property owned by the society, without the prior approval of the Registrar. This is a protective mechanism meant to curb potential abuse of trust property by anyone though it remains controversial considering the fact that a Cooperative is an autonomous organization.

3.2.4 Dissolution of societies

The process to be followed is provided for in terms of the Act, and members of the society intending to dissolve itself for whatever reason are expected to take notice of section 101 of the Act, which provides that,

No registered society shall be wound up or dissolved except by order of the Registrar in terms of this Act.

102 Winding-up orders

1. If—
 - a. after an inquiry has been held in terms of section one hundred and thirteen into the constitution, administration, management or finances of a registered society; or
 - b. after an audit of the accounts of a registered society in terms of section thirty-five or one hundred and thirteen; or
 - c. on receipt of an application made by a registered society pursuant to a resolution passed by at least three-quarters of the members present and voting at a general meeting of the society specially called for the purpose after due notice; or

- d. on receipt of an application made by a creditor of a registered society who has deposited such sum as the Registrar may require as security for the costs of any necessary investigation into the matter; the Registrar is of the opinion that the society ought to be dissolved, he may issue an order directing that it should be wound up.
2. The Registrar may, on his own initiative, issue an order that a registered society should be wound up if he is satisfied that the society has ceased to operate for a period of at least one year or that the membership of the society has fallen below the minimum membership for such society required in terms of section thirteen. Since cooperatives are membership based entities, these provisions are safeguards that ensure that members are protected from any prejudice that may arise as a result of a dissolution. Thus any dissolution will be monitored by the Registrar and the same is allowed when it can be justified.

3.3 Governance Structure

Section 6 of the Act provides for the structure of the cooperative movement in Zimbabwe.

The cooperative movement in Zimbabwe shall consist of—

- a. primary societies, being associations of natural persons,
- b. secondary societies, being associations of primary societies
- c. apex organizations, being associations of primary societies or secondary societies or of both
- d. National Cooperative Federation representing all societies and

Further Section 45 of the Act provides for the expected governance structure of any registered society. A cooperative must consist of an Annual General Meeting and supervisory and management committees. The Act also provides for the Management Committee and a Supervisory Committee.

The General Meeting

The General Meeting is the sovereign body of the cooperative. It is the source of all authority and all power within the cooperative and the place for the direct expression of cooperative democracy. It takes the final decisions.

Composition

All members of the cooperative are part of it and have an equal right to participate and be heard.

Role

- The rules of a cooperative set the frequency and procedures for calling meetings but usually the General Meeting is convened at least once a year. It is the General Meeting which at its first session adopts, and subsequently amends, the rules. Beyond the functions and powers which are specifically conferred on it by the law in force at the time.

The General Meeting's role is:

- to change the cooperative's policies or the procedures established by the cooperative;
- to elect and remove from office the members of the management committee and Supervisory Committee;
- to examine, approve or reject the (usually annual) report and accounts which have to be presented to it;
- to divide the operating surplus after transfers to statutory reserves (by adding to special reserves or other funds or by paying dividends);
- to have the final say on admission and exclusion of members;
- to decide on the dissolution of the cooperative.

In certain cases, the rules state that decisions by the Annual General Meeting are valid only if taken in the presence of a minimum number of people called a “quorum”.

The right to vote at the General Meeting

The right to vote at the General Meeting follows the democratic rule: “one member, one vote”. That means that any member who has satisfied his/her financial obligations with regard to the cooperative in accordance with the rules has one vote and only one vote. The right to vote is exercised by the person who holds it and is in no way linked to the total contribution made by the member to the capital of the cooperative. Some laws or rules authorize a proxy vote in cases where members are unable to attend the General Meeting. The General Meeting cannot alone run the cooperative. It therefore generally delegates part of its authority to the committees.

Key points “Setting up a cooperative”

Setting up a cooperative requires the completion of six steps:

1. Bringing together a core group to discuss the possibility of forming a cooperative and its objectives;
2. Carrying out a feasibility study to evaluate the project’s chances of success;
3. Working out a business plan to outline the future direction of the cooperative (the business plan is a precious tool for any loan application);
4. Holding the inaugural general meeting to adopt the cooperative’s rules and internal policies;
5. Registration with the appropriate authorities with a view mainly to obtain moral person/ legal persona status, and possibly approval for starting a particular type of activity;
6. The actual start-up of the cooperative’s activities

Chapter 4:

Towards a successful cooperative sector

4.1 Defining success for cooperatives

There is no doubt however that a well-managed cooperative society can be of great impact both to its members and the society at large. Experts say cooperatives only thrive and soar when the leadership is honest, transparent and committed. The success of a cooperative society just like any business entity is premised on creativity, ingenuity and business acumen of the members. Cooperatives have been promoted in many developing countries including Nepal to build harmonious societies addressing issues such as unemployment, rural development and as a means of creating income generating activities, especially to augment the social and economic condition of the poor community. It is designed to be an easy method of development in these countries. However, in majority of cases these efforts resulted in failure. Cooperative movement was designed to create harmonious societies by involving and empowering communities, that is, the spirit of cooperation, the following are indicators of a thriving cooperative.

a. Direct benefit

It will be clear that if a cooperative is successful, no matter whether it is a marketing and supply cooperative, a savings and credit one, a collective cooperative or another shared effort, the members will somehow derive benefits from it. We can therefore safely say that a large part of the cooperative initiatives that started off after independence, have brought some direct benefit to their members, even when at a later stage they faltered. Records, though not very reliable, assert that in its heydays the movement counted around 6,000 cooperatives. Thus over the years, many individuals have directly or indirectly benefited from it. Members of cooperatives could pay school fees for their children, some up to university level; cooperative members were among the first to build their

own houses; most times there was good food on the tables; members were well clothed etc. In short, cooperatives enabled basic needs to be met.

Did it also bring direct benefit to the community at large? The seventh cooperative principle is about “concern for the community”. Although it therefore should be a point of concern for each type of cooperative, it was often the collective cooperatives that made the extra effort to bring benefits to the community, being it grading some roads with their equipment, paying school fees, connecting electricity or otherwise. It therefore was the collectives that often consciously tried to make that extra difference in their community.

b. Solidarity

Solidarity can be described as unity in action in good and bad times; it's about wanting the best for each other without putting your own interest first. It is the foundation of that other, seemingly elusive, society which is not based on the pursuit of personal profit but on support of each other. It is a conscious effort and assumes the best in human nature. A very difficult issue, therefore. Maybe with the exception of the collectives, solidarity is not necessarily a cornerstone of cooperatives as mostly people join a cooperative because combined action or resources brings them personal benefit (which in itself is nothing wrong with). The more conscious ones among the collectives' members, often ex-combatants who joined or initiated a collective, did so in order to “work together, fight together, eat together and live together”. However, the experience of the collectives shows that such members were few and far between (but they were there!) and while solidarity as an organisational principle was often followed (e.g. in care for sick, elderly and disabled members), in hard times or after having received some training, individual members would often leave the collective for greener pastures. It shows how difficult this solidarity principle is and at the same time how important. Conscientisation and internalisation of the solidarity principle is therefore the alpha and omega of any movement which wants to transform society.

Co-operation amongst cooperatives is another cooperative principle. In particular collective cooperatives shared machinery, equipment and tools during good and bad times.

As for solidarity support from third parties i.e. NGOs and local and international donors, it was definitely there during the first years. However, at least two footnotes can be made here. Firstly, the fact that donors too often gave support based on their own interests and priorities and did not leave – in a true show of solidarity – their partner in the driving seat. Secondly, solidarity has to be shown especially in bad times. However, donor fatigue did set in with many supporting organisations as soon as things started getting more difficult. Moreover, the movement was not given enough time and leeway to really get off the ground as much support was terminated within less than 10 years, i.e. at a time that the movement was still far too young to go it alone.

c. Personal transformation

This follows directly from the solidarity principle: in how far have individual members become more social and solidarity inclined? It is difficult to derive any conclusion on this one from the history. Again, chances are biggest to find transformed members among the collectives. Indeed, we still found collectives who, through thick and thin, have stuck together for more than thirty years and still hold each other (kubatana). Such persons show that another society is possible!

d. Institutional transformation

In how far has the cooperative movement contributed to or spawned the formation of institutions, which deliberately promote cooperative and solidarity initiatives and organisational models in society over and above capitalist inspired ones? Unfortunately, come 2017, the movement cannot point at any remaining institution geared towards supporting the cooperative movement although still hundreds of cooperatives, some district unions and provincial apexes have lasted and survived. The 300-plus AMSC agricultural warehouses are still there but most are not in use. None of the cooperative sectors has been able to set-up a cooperative bank or fund; government hasn't done so either.

e. Transformational government policies and strategies

In how far have government and government institutions adopted and implemented policies and strategies (either or not under pressure of the cooperative movement) that are transformative in the sense that cooperative ways of operation and principles of worker ownership and management are favoured and stimulated over and above capitalist/profit seeking businesses and processes? The score is not very positive here either. Notwithstanding continuous advocacy by the cooperative movement, the Zimbabwe government has been very reluctant/slow in formulating and enacting truly progressive laws and regulations while also the present Cooperative Societies Act is very far from being transformative. The facts that government introduced ESAP in the nineties, and afterwards fully embraced neo-liberalism and the free market are debit to this. Also, as the government from the beginning was an authoritarian one, its aim was never to spawn an independent, grassroots based, solidarity movement. Government policies have not been consistent either; in the 1980s for example, the collection depots set up by the Ministry of Agriculture directly competed with the warehouses built under the Ministry of Cooperatives. Actually, truly cooperative and transformative thinking and acting has never been present in government.

At the same time, the cooperative movement itself never formulated a comprehensive, solidarity alternative to the prevailing government policies and strategies either. It took action on subtopics like the Cooperative Societies Act and a cooperative bank but never tried to formulate and describe that utopia and how “another battle” could bring that about. Not surprising as the daily battle was tough enough, but nevertheless a fundamental oversight.

f. System transformation

The key, ultimate, question is whether the movement has managed to transform the economy and society. The answer to it is unfortunately not clear. Looking at how Zimbabwe is today, we can only say that we have strayed as a nation from the ideals we harboured at independence. We have become an impoverished people in a society where dog eats dog

and the top-dog eats all. The cooperative movement can of course not be blamed for that, but it has not been able either to slow or reverse that process. Fortunately, the saying goes that the night is darkest just before dawn. We should therefore not despair but find inspiration from this and embark on another battle forward. But first we have to draw some more lessons from the past.

4.2 Fostering success for cooperatives

There are many factors that help make a successful operation of the cooperatives. However, in some cases specific factors are more dominant than that of general factors.

Cooperative institutions are people's organizations which are formed by the members (voluntarily), owned by them (by purchasing shares and on payment of prescribed admission fees), and run by them (democratically and in accordance with the Principles of Cooperation), to satisfy their social and economic needs (through active participation and mutual help). Cooperative institutions have not only met the economic needs of their members but have also played a significant part in the social development of their members and the human community in general. Cooperatives have been promoted in many countries including to address issues such as unemployment, rural development and as a means of creating income generating activities, especially to augment the social and economic condition of the poor community. Cooperative movement was designed to create harmonious societies by involving and empowering communities, that is, the spirit of cooperation thus their success is of great importance.

4.2.1 Factors associated with the success of cooperatives

Banaszak (2008), identified four key factors that contributed to cooperatives success, such as:

- leadership strength;
- group size;
- business relationship amongst members;
- member selection process during the group's formation.

The internal factors that would have an effect on a cooperative's success are the ones that arise internally and these include members' commitment, members' participation, structural and communication and managerial factors.

The external factors, considered essential in the success of cooperative, include assistance that act as motivation for members in a cooperative, external assistance, government policies, regulatory frameworks and market factors. These factors can affect the competitiveness of cooperatives, especially in developing countries, where cooperatives are still underdeveloped. The most common factors are:

- an enabling legal environment that creates economic conditions favorable to profitability, and
- a regulatory system favorable to business success.

Legal provisions must protect democratic member control, autonomy and independence, voluntary membership, and economic participation in cooperatives and provide a level playing field for cooperatives to compete with other enterprises (e.g. there should be no pricing limitations on cooperatives). Cooperatives need capable management and governance and the ability to adapt to prevailing business conditions. Cooperatives must develop professional management, be democratic, inclusive, fair, transparent and have strong leadership.

Autonomy and freedom from government control is positively associated with success. While government support can be helpful, governments should avoid overregulation.

Successful cooperatives have purposely increased collaboration with other cooperatives. Cooperative networks can help cooperatives to rapidly gain scale and can support better governance and training. A number of development agencies adopt a network and systems approach which aims to foster consensual networks among cooperatives.

While successful performance measures may vary among cooperatives and indeed among individual members. These measures may include but are not limited to such measures as net margin, member commodity prices, return on equity, and sales growth. Below are case studies to illustrate the factors that make for successful cooperatives:

CASE STUDY 1

Masvingo Teachers Savings and Credit Cooperative

The Masvingo Teachers Savings and Credit Cooperative Society survived because of its organizational capacity and good leadership. It had been able to mobilize savings from teachers throughout the Masvingo Province as it had their salaries deducted by the Salary Service Bureau (SSB) which pays out the teachers' salaries. This arrangement ensured a steady inflow of income for the society; in its hey days it had some 10,000 members. The society acquired buildings in Masvingo town and bought residential stands for its members and for businesses in various growth points in Masvingo province. More so, members benefited from the society as they were offered loans to buy agricultural inputs, build houses and household goods among others. The same applied to ZCCU, which is a nationwide teacher-based credit union. It also invested its revenues in property and did not lose too much during the hyperinflation.

CASE STUDY 2

In a study of Indian and British cooperatives (Harper, 1992:14) it was found that individual leadership and broader social and community objectives were found to lead to successful cooperatives. Harper also concluded that membership with similar background, having strict rules and procedures, avoiding political interference and starting with one activity without subsidy also led to success. Cooperatives have been promoted extensively in many countries (Harper, 1992:14). In a number of developed countries such as United Kingdom, United States of America, Iceland, Norway, Sweden, Denmark, Finland, Spain, Israel and Canada cooperatives have been extremely successful (Ostberg, 1985:29). Some examples of successful cooperatives are Mondragon in Spain and Kibbutz in Israel. In Canada, they are in every sector of the economy, that is, people can be born in a Hospital Cooperative and be buried by a Funeral Cooperative. They can live in a Housing Cooperative and buy their groceries, clothing and other items from Consumer Cooperatives. They can send their children to a Child Care Cooperative, do their banking at a Credit Union and purchase their insurance from an Insurance Cooperative. In fact, in Nordic countries, Consumer Cooperatives have captured 25-30% of retail trade.

The enhanced size of the cooperative may also support the cooperative growth. This will help the cooperative to produce more and increased market power, which will lead to increasing the members' income. Adequate business volume and adequate marketing agreements are also critical success factors for cooperatives. But the increased number of cooperative members has the potential to cause conflict amongst the members - and the members and management. Furthermore, conflicts could exist between formal members and associate members. These conflicts have the potential to affect the effectiveness of the cooperative's operation.

Cooperatives should observe certain values and good practices in order to achieve their objectives and remain credible to their members and other stakeholders. Principles such as transparency, accountability and inclusiveness are hallmarks of any properly run cooperatives. In addition to these principles, cooperatives expected to adhere to principles of democratic ownership, autonomy, cohesion, equality and sustainability. Cooperatives should be run professionally, in a manner that promotes good governance for a set common purpose. The following standards are key for cooperatives;

1. Transparency

Cooperatives being membership based organisations are expected to demonstrate high levels of transparency in their dealings particularly in financial issues as well as recruitment of secretariat and or appointment of different office bearers. Transparency calls for openness and facilitating access to information to members and other interested partners. Thus cooperatives should adopt tools that promote transparency, such tools as Annual General meetings for Members, regular progress reports, financial reports and annual reports, which do not necessarily have to be too complex. Adequate information should be provided to members and sponsors and donors, if any.

2. Inclusiveness and equality

Inclusiveness supports collectiveness, thus it is important for cooperatives to embrace all categories of members and treat them equally regardless of gender, social status, age, disability, political opinion, religion and sexual orientation. Discrimination and gender inequality should be avoided. More often women form the greater part of most cooperatives as such there should be in place policies and systems to address gender imbalances and violence. Collective movement advocates that inclusiveness and equality mean that all members should have the right to equal opportunity and treatment in the cooperative including the opportunity to vote and be elected as an office bearer.

3. Collective ownership and driven

All members should be allowed to participate in the activities of the cooperatives, have their views heard and respected. Collectiveness speaks to all members rallying behind a common agenda and this improves on production of the cooperative. Collectiveness consists of various elements such as policy collectiveness, coordination collectiveness and strategic collectiveness. This approach is for the cooperative to achieve of maximum degree of consistency and membership ownership at all levels of the action and other initiatives and where everything contributes to, rather than conflicts with, everything else.

4. Autonomy

Autonomous means that the cooperative is self-governing and are able to develop politically, intellectually, organizationally and financially without external interference. Cooperatives should be free from political influence and from the influence of other stakeholders such as funding partners. If they are not independent they risk pursuing agendas which are set by 3rd parties.

5. Financial Prudence

Cooperatives should endeavor for self-reliance in economic terms and adopt self-financing mechanisms and it can be at incremental levels. This is in line with one of the 7 principles of cooperative development namely members' economic participation. Financial prudence will also include phase-out or exit strategies developed jointly by the partners and designed in ways that will contribute to building sustainability. Financial prudence also requires cooperatives to have all its activities and spending patterns guided by a budget. Deviation from the budget should be approved by a general meeting of members. A financial and accounting manual may be developed in order to outline procedures to be followed in all financial transactions.

Thus cooperatives should define its financial year, where budgets are developed, reviewed and or approved.

6. Strategic planning (regular and effective)

It is good business practice and insight for cooperatives to have strategic plans in place. The strategic plan is a management tool that guides proper execution of mission and vision, goals and objectives.

Strategic planning should establish a proactive plan that takes these questions into account:

- Where are we now?
- Where do we want to be?
- When do we want to get there?
- What changes will we have to make in order to succeed?
- How are we going to make it happen?
- Who is going to do the work?

Closely tied to this Strategic Plan, should be a monitoring and evaluation framework generally for the measuring implementation, progress and any challenges encountered by the cooperative.

Here are some good questions to use to assess progress towards goals of the cooperative, such reviews can be done at defined time, i.e. annually or quarterly depending with the nature, size and resources of the cooperative:

- What did we get right?
- What helped us succeed?
- What did we fail to take into consideration?
- What should we do differently next time?

Establishing a cooperative is not always easy. Often it takes a while until the new services or products are accepted. Thus, it is imperative to not give up to soon, it is also important to have a **SWOT** analysis framework in place. This **Swot** exercise should be done regularly to review viability and relevance. It is also important for the cooperative to embrace change, new ideas, suggestions and criticism. This applies both to members and stakeholders.

- **Strengths** provide an analysis of the cooperative's advantages. In its operations, the cooperative should highlight its strengths. Deliberate attention should be directed at highlighting to both external and internal stakeholders what the cooperative is doing well. The cooperative should also take advantage of its strengths in developing its operational and annual plans
- **Weaknesses** consider areas in which the cooperative is at a competitive disadvantage and should always recognize these weaknesses and demonstrate how they are being addressed so that they do not disturb the smooth running of the cooperative...
- **Opportunities** are a list of untapped potential or advantages that can be taken to the improvement of the cooperatives. The cooperative should be alert and demonstrate that it has identified opportunities and seeking ways to exploit such opportunities.
- **Threats** refer to the external environment that could affect the cooperative, including technological, environmental and regulatory factors. The union's communication should spell these in a manner that demonstrates that this is not just affecting the union only but other stakeholders as well.

Cooperatives should discover competitive strengths that had not been fully utilized in the past and apply it for continued relevance. **SWOT** analysis can be applied to unravel such. In addition, the analysis should support a number of project objectives. This **SWOT** analysis should remain a useful roadmap in evaluating and identifying relevant and appropriate way forward for an enhanced operational plan.

Success tips for cooperatives

1. The democratic control of the management of a cooperative and the active participation of members are two characteristics which explain why the involvement of members is so important to the success of the cooperative.
2. Cooperative education stands for a set of practices and methods used to teach the cooperative principles and advantage to members of the cooperative.
3. Cooperative principles and good governance are fundamental factors to encouraging their active participation in the cooperative.
4. Cooperatives must have a high level of integrity.
5. Cooperatives must practise effective management through transparency, inclusion, accountability and responsiveness.

4.3 Conclusion

The people interested in forming cooperatives must have the awareness and knowledge of the cooperative concepts, business and management principles, and commitment from people. Appropriate education and training of cooperators is key for successful cooperatives, this to be followed up with further training in their respective area. The management committees, members and staff have to undergo intensive training on cooperative principles, management skills and practices of the operation of business.

Prior to registering any particular cooperative, there should be adequate working capital. This would confirm commitment which is important for the success of the cooperatives. This advice must not interfere with the day to day operations of the cooperatives. The cooperatives have to be free of any political interference and have a common bond in order to maintain harmonious relationships.

Inadequate planning, lack of training in financial management and lack of understanding of cooperative concepts are the major problems in the cooperatives. The cooperative idea must be thrust upon the member who are fully conversant with what the cooperative concepts meant and how to implement the principles and ideas of cooperatives. In order to maintain harmonious societies, it is essential for cooperators to practice democracy, follow financial management and cooperative principles meticulously and provide real benefits to their members and the community at large.

Chapter 5:

The future of cooperative sector in Zimbabwe

5.1 Way Forward

Cooperatives and transformative action should not be restricted to “traditional” sectors like agriculture, manufacturing and saving. The modern economy offers many opportunities too. Thousands of students graduate every year at our colleges and universities in so many disciplines. Instead of looking for employment (which is hardly there anyway) graduates could start (transformative) cooperative initiatives in their fields of expertise be it, art and film, management, health, social work, alternative energy or otherwise. They could use their expertise to start such initiatives not only in town but look for needs and opportunities in their rural homes “kumusha”, the area where they grew up.

Experience and involvement in transformative initiatives of Zimbabweans returning from the diaspora (or their involvement through advice and financial involvement from a distance) could be essential. The possibilities are endless as long as we think creatively and outside the box (or better, throw away the box).

Its high time that Zimbabweans within Zimbabwe and in the diaspora, take a step back and take a long and hard look at what strategy to employ beyond to ensure survival in a crisis economy. A revived, strong cooperative movement could be an important vehicle to address the challenges being faced by Zimbabweans. In the previous chapters we have tried to analyse and indicate the major matters that have gone wrong in the past and the causes why good initiatives have not succeeded. This chapter will try to formulate possible ways and initiatives forward, not as a blueprint but as carefully pondered, but radically different thoughts and recommendations.

It's up to all of us to critically examine them, enrich them and join hands with likeminded spirits to embark on "Another battle" for the heart and minds of the majority of Zimbabweans and together take back our future. What is the future of cooperatives? The following approaches may help to revive the future of the cooperative sector in Zimbabwe

5.2.1 The necessity to think utopian: new approach

It is important to have visualize the perfect picture or scenario of the cooperative sector. Inspiration will thus be drawn from that picture. Thus there is need to compare the present situation with what we really want to achieve as only then we can select and develop the right, transformative road to get there. Turner's thinking is relevant for today's Zimbabwe as:

- He also dealt with an entrenched capitalist system (that of apartheid South Africa of 1972).
- His thinking was radical socialist but NOT fundamentalist, rigid.
- He appealed to and addressed also religious, Christian values, which makes his thinking extra relevant as so many Zimbabweans are Christians (and some Muslim).
- Moreover, many traditional African values also deal with issues of solidarity (ubuntu, kubatana etc.) and have found in Zimbabwe expression in ways like zunde raMambo.
- His thinking was utopian; he was not afraid and unfazed to change seemingly unalterable situations and institutions, even in 1972 apartheid South Africa. Today's desperate Zimbabwe can definitely use some of this spirit.

Amongst others, Turner argues that most people experience only one society in depth and that, because a society changes relatively slowly, the present nearly always seems to be fairly permanent. Therefore, he argues, in order to theorize about society, we have to understand and see the present as a moment in history. *"History is not something that has just come to end and certainly not something that came to an end fifty years ago. Societies, including our own society, have been changing in many*

ways, great and small, throughout time, and there is no reason to believe that they have stopped now”, thus Turner. The history of Turner’s South Africa (and of our Zimbabwe) certainly shows that dramatic change is possible, although both histories also show that capitalism has been more difficult to fundamentally challenge than racism and apartheid. So, let’s forward some utopian thoughts.

5.2.2 Elements of an alternative approach

We propose that the founding principles of our ideal society are caring for each other in solidarity and freedom, informed by the following:

- a. Let’s start with **people instead of the economy!** People want to be happy and satisfy a number of material and immaterial needs. Most people like to be loved, to be needed, to have an aim in life, to develop themselves, to fulfill their spiritual needs, to find satisfaction and fulfillment in work, to have company, to communicate and laugh with another, to help each other, to make each other and themselves happy. They also long to be secure, free from war, oppression, exploitation, discrimination etc. People want to be respected, to be considered co-citizens and not to be looked down upon as the less worthy, marginal, non-important throw-away of society. And of course, they crave in the first place for at least some basic needs to be met such as adequate housing, security and safety, sufficient and healthy food, health care, education, water, electricity, means of communication and transport...

So, while we want to fulfill our material needs, they are not ends in themselves; their fulfillment helps – but is not a guarantee – in attaining our immaterial needs.

- b. Let’s see how we can possibly meet our **material and immaterial needs, preferably at the same time** in a mutually re-enforcing process instead of through the fallacy that if we just manage to chase money, we will attain it all for everybody. So how could we produce our basic, material needs (food, water, housing etc.) in such a way other than through the earlier mentioned 10 myths logic?

- c. Let's begin by questioning another belief which is work motivation: Is it really true that (most) people need a **monetary reward to motivate** them to "work"? Or is it the other way around: as everything (material and increasingly immaterial goods and services) has been commoditised and can only be bought on the market, people are forced to sell their labour (for less than its real value) in order to "earn" money, which by the way is for the majority not even enough to meet their basic material, subsistence needs? Remember the introduction of taxes like the hut tax, cattle tax, in the colonial time? These taxes were introduced to force Zimbabweans (who, even after having been squeezed into the TTLs, generally produced enough for their subsistence and more) to work on farms and in mines. Of course, also "new needs" – some indeed quite essential – were introduced and as these could be satisfied with money only, people had to find employment and a wage, no matter how meagre and exploitative. Thus, we have got more and more drawn into and exploited by the monetary labour-employment ("exploitation") economy. But, didn't people work and contribute to society before? Interestingly, even today most of the work we do (housework, taking care of children, voluntary work, mutual support) does not carry a monetary reward but we still do it. So, let's do away with the misconception that people need a direct monetary reward for their work. Of course, nobody wants to toil in drudgery, that's why mechanisation and computerisation should be there to ameliorate work and why, in a solidarity society, it is not a threat to employment-income.
- d. So, what if we could introduce a **system where people will voluntarily contribute time, skills, talents** etc. to produce the material and immaterial needs our society requires and – separate from that – design a **system through which we could fairly distribute them**, where everybody can fairly access goods and services he or she needs according to reasonable and truly felt needs? As barter trade would be impractical in our complex society, money could probably still be used, but only as a means of exchange. For example, it could be allocated as a basic monthly amount to every individual and so ensure that **everybody** is guaranteed a widely agreed and regularly adjusted minimum to acquire a fair share of goods and services. Interestingly, in this set-up, the receiving of money (as the means of exchange) would in essence be delinked from the forced selling of one's labour.

- e. Of course, this would **kill the profit-extracted-from-labour mechanism** and that's probably why such kind ideas are so adamantly resisted by capitalists and their ilk as profit can only be made through exploitation of labour.
- f. However, on top of that basic income, people can still earn extra income (for the more luxury items) by contributing work in the production of all goods and services, essential and luxury.
- g. Therefore, we have to design **a system, a set of principles**: a) not based on the pursuit of profit, b) where the **value of goods and services is only determined** by the (direct and indirect) labour (and environmental etc.) costs that have gone into it, c) and where they will be distributed **equally and fairly to everybody** and where at the same time d) **everybody will contribute** time, skills and labour to produce them. Our aim is then to produce sufficient goods and services to satisfy in the first place the basic needs of all Zimbabweans and distribute them as evenly as possible and AFTER HAVING SECURED THAT, create a surplus for "extra, luxury items", again as evenly distributed as possible for the enjoyment of ALL Zimbabweans.
- h. And don't come with the argument that this is another devious plan to reintroduce through the back door **a communist, dictatorial, plan economy!** After all, our production is already incredibly planned, but only outside our, the people's, general view and control as it happens in the board rooms and shareholder meetings of mega companies where targets are set to make us buy mostly non-essential goods and services⁶⁴ which are produced in a way that they break down (or become outdated) in a set time so we have to buy them again and again. How institutionalised has the influencing, lobbying, sponsoring and bribing of governments, politicians and lawmakers become? How common are oligopolies, how often is there illegal price setting by cartels and multinationals setting prices (transfer pricing) in international trade? In today's technically advanced and computerised society virtually everything is already being monitored and communicated, so technically there is no problem: we only have to want it. Moreover, not everything should or has to be "planned" centrally. Central planning is only needed for goods and services

64 With an estimated annual spending of about US\$ 600 billion, the advertising (= false needs creating) business is one of the largest industries in the world.

which we, till recently, already considered “normal” as being planned and provided for by a central government. Think of schools, clinics, hospitals, roads and other infrastructure (though even that has also increasingly been usurped by the business sector through the privatisation-efficiency mantra). Then there are of course additional matters that are more efficient/better for the environment and our survival when provided at a public/large scale instead of being privatised/individualized. Think for example of public transport and health care. For the remaining, as much as possible planning and production, provision, distribution and transport should be decentralised and devolved to keep it under local, democratic control.

- i. In the end, **markets** could still be crucial places for exchange and distribution (and as a means of sounding out demand): once everybody has a guaranteed basic income, this money can be used in a free, transparent exchange system (in an as much as possible local, market), where also a balance between demand and supply will develop. Only this will now be a market where everybody can equally participate, not a market for the (higher) middle class and filthy rich only.

So, instead of a “free market” we will have to pursue an economy which is as decentralised/ local/sovereign as possible and where everybody is indeed free and able to “buy” because everybody has a basic income plus an additional pay based on the (voluntary but paid) work one does in the production of all the material and immaterial true needs of an egalitarian society.

So, how to get there? For that we have to consider the short, medium and long term and the various levels at which we have to think and act concurrently. Moreover, all our actions and initiatives will have to be consciously transformative.

5.2.3 Being transformative

Present times in Zimbabwe are very different from the eighties. The wide spread optimism and enthusiasm of that time is largely gone. The socialist mantra is no longer heard and is replaced by “Zimbabwe is

open for business". The national and international support for collective cooperatives and other progressive initiatives has mostly dried up. The economy is at an all-time low while 90% of the employment is to be found in an undercapitalised and underdeveloped informal and communal sector. So, where to start with a new beginning and a new élan? First and foremost, we will have to build a strong movement at the grassroots. Going "higher" will only work out if and when it is done from a very strong urban and rural basis. There is a range of things which actually should be done at the same time, but we will have to set priorities. First steps could include:

- a. Multiply and distribute "another battle begun" and possibly, popular versions in vernacular (Shona and Ndebele) as far and wide as possible (including the diaspora) and gather responses from persons, groups and institutions who are eager and willing to play their role in the revival of a cooperative, transformative, solidarity movement and initiatives.
- b. Gather groups of enthused, dedicated and progressive (preferably many of them female and younger, say 20-40 years) respondents from all provinces who want to start Another battle.
- c. Have workshops with them to get everybody on the same page, develop together a vision of an alternative solidarity society, formulate an overall policy and strategy and make together a plan of action.
- d. Set up, province by province, small Transformative Cooperative Advisory centres⁶⁵, with three main tasks:
 - To develop, start and facilitate a continuous process of conscientisation, political-economic thinking, technical and administrative training and reflection in action. Technical training should not be divorced from solidarity/political-economic training.
 - To set up a data base and network of all existing cooperatives in the province, to assist them in their revival and enable them to communicate and work together (horizontally and vertically) in a non-profit-driven, transformative and solidarity way.
 - To ask interested people which trade they have, which discipline or

65 Trade unions, or maybe even schools could play a pioneering role here.

degree, diplomas, experience etc. they have, in order to link them up with each other and establish what we can call or start with as cooperative brands. This can be in any profession or discipline from agriculture and manufacturing, to construction, processing, services, IT etc. etc. By identifying what skills or trade people in the community have but are not being utilized, we will be able to bring together not only the graduates but also unemployed to form their own transformative cooperatives and solidarity economy. In this way it will be easy for unemployed graduates and other unemployed or retrenched people, as well as people in the diaspora, to come on board as they will see that there is an opportunity for them to be part and parcel of the society.

- e. Rally immaterial and financial solidarity support from individuals, NGOs, progressive donors and national and international organisations not patch-wise but long term and as part of an overall plan, developed, initiated and carried by the movement.
- f. Setting up of an independent solidarity fund or bank, which will – at the lowest interest rate possible – financially support transformative cooperative initiatives.

So, once more, let's join hands and embark on "Another battle" for the heart and minds of the majority of Zimbabweans and together take back our future.

Together and deliberate

Naïve? NO! The history of Zimbabwe and the cooperative movement shows that there have been, are and always will be thousands and thousands of such persons. If you are prepared to look with an open mind, you will find them all around you. At the same time, we should indeed not be over-confident as there is a massive main current the other way around, whipped up by the selfish and powerful and their indoctrination, policies, laws, companies and institutions.

Therefore, it is not enough to act as selfless individuals dishing out a bit of charity every now and then, before retreating again in the relative comfort of our homes, nuclear or extended families, village or (gated) community.

In addition, we have to:

- a. continuously unmask and expose the lies and fallacies of the neo-liberal brainwash (“it’s good for the economy”, “the virtues of entrepreneurship, self-interest, individual pursuit of profit”, “the well regulating mechanism of the market”, “there is no alternative” etc. etc.), cleanse ourselves and our compatriots of all these lies and myths and replace them by **a new narrative** of love, compassion, co-operation and solidarity and action, strategies and systems that are based on such values.
- b. seek out each other, win over and enthuse new ones and join hands and stir up **a counter surge, a sweeping movement** against the powerful, selfish and their allies;
- c. do so **from a well-informed position** and based on well thought-through and continuously adapting strategies at all levels (no rigid blue-print).

Each of us, we and you, will have to start now and generate at least our one personal wave to add to that counter surge: look in the mirror and decide what you can and will do with the rest of your life! Ground rule: we lead ourselves and do not any longer give away our fate into the hands of “leaders”. It’s high time to join hands with likeminded spirits and embark on “Another battle” for the heart and minds of the majority of Zimbabweans and together take back our future.

5.2.4 The group level

People should start to reclaim/rebuild their economic and social lives in villages, wards and districts based on practical, concrete activities rooted in principles of solidarity. Transformative action is not limited to groups organised as a formal cooperative. Community initiatives both in towns and rural areas can be transformative as well. Think for example of a modern adaptation of the zunde ramambo for care of orphans, the elderly and other vulnerable groups. Think of recycling of waste, plastic and other materials. Think of building and operating of schools, clinics, community centres and other infrastructure. Think of community-based exchange programmes/markets of goods and services. Think of

community operated supplementary food programmes both in town and in rural areas. Think of community or cooperative operated processing plants of agricultural products. Workers, either or not organised in unions, should pro-actively seek to start or take over companies and not wait till a business goes bust. Alliances will have to be forged between rural-urban, peasants-workers, students-workers-professionals, employed-unemployed. Think of students and academics going to their masha (rural home) during holidays and studies to do supporting research, set-up and/or support solidarity initiatives. Think of students and academics supporting with their skills the taking over of factories, processing plants, service businesses, banks etc. Think of (unemployed) youths setting up service co-ops e.g. in waste collection, recycling, alternative energy etc. Think of e.g. traders in the informal sector together setting up market places. Savings and credit associations have shown to be able to raise considerable funds; think of NASCSUZ's loan portfolio of 500 million in 2003. Redirecting pension funds towards solidarity economy alternatives is another possibility. Remittances of Zimbabweans in the diaspora constitute another huge resource. If all these funds could only, at least partially, be directed towards transformative initiatives.

5.2.5 The state level

The role of the State remains crucial. Only national governments possess the mandate and the resources to provide infrastructure, public transport, health care and other public services throughout the country and at all levels. Only governments can establish positive, secure, and durable legal, administrative, and regulatory environments. Moreover, the financial, fiscal, and price policies of governments are crucial to the success of any programme of this kind: what good is credit, for example, if farmers cannot get remunerative prices for their produce? It's also only the state which can roll out a basic income grant system. The issue, then, is to ensure that the voices of the transformative cooperative sector are clearly heard by the state, stating what role - regulating, supporting, enabling - the state will have to play towards transformation. The above-mentioned initiatives will provoke and need government support at the various levels, practically and through legislation, and therefore need political translation, lobby and monitoring/accountability. This applies to all levels of the state. What transformative role can municipalities, both in towns and rural areas, play?

What about provincial authorities? What transformative role do the various Ministries have to play and how can they collaborate and co-ordinate their support of transformative cooperative initiatives? What minimum and possible policies (macro, finance, trade, foreign, constitution etc.) can be formulated and enacted to explicitly promote, give an advantage to and so strengthen transformative, solidarity initiatives over and above only-profit-seeking initiatives/business⁶⁶?

5.2.6 The regional level

SADC co-operation and integration should no longer be based on its present neo-liberal RISDP (Regional Indicative Strategic Development Plan) programme, but on bottom-up co-operation, reciprocity and solidarity to benefit people above profits. What transformative regional co-operation, policies and strategies could foster this? Also, how could the millions of Zimbabweans in the regional diaspora be mobilised in support of solidarity initiatives within Zimbabwe?

5.2.7 The African and global level

The benefits of Foreign Direct Investment, FDI, are highly questionable. They often focus on the extractive sector only. Profits remitted to shareholders regularly exceed the investment made and employment creation is often limited. Technology transfer is little while the type of technology is often inappropriate. Local capital can also be out-crowded by FDI. High time therefore to - when needed - attract long term support and investments from abroad based on solidarity and pro-actively look for countries and institutions that are willing to support the transition to a solidarity economy and society. Finding progressive, long term and committed allies all over the globe, among governments and non-government institutions is crucial. Also here, the diaspora could play a significant and crucial role; their support and initiative should be actively sought⁶⁷.

66 For example, in 2001 Venezuela passed a cooperative law, which, among other things, gave preference to cooperatives in government procurement. Although important, this is a small example only; government policies will have to be much more comprehensive and transformative.

67 In his 2015 Mid-Term Fiscal Review, Finance Minister Patrick Chinamasa, stated that remittances from the diaspora in the first 6 months of 2015 amounted to \$409 million. This was not far from receipts from mineral exports at \$653 million and higher than proceeds from tobacco sales at \$321 million.

5.3 Final Conclusions

This publication asserts that cooperatives are a way to engender ethical economic relationships and new possibilities for community development and is emerging as an explicit alternative to “neoliberal” capitalism. The principles of running cooperatives closely align with more democratic approaches to community development that look to oppose exploitation and oppression and transform economies. Cooperatives advance democratic community development by providing an ideological frame from which the core goals of solidarity and agency can be imagined, identified, and realized.

Whether cooperatives expand in the future, will greatly depend upon how efficient they are. Few people will be likely to join unless co-ops offer something competitors cannot: better products, lower costs, and facilities and services at least as satisfactory as those of other businesses. Much will depend upon whether cooperatives can get first-class managers and are run in democratic and transparent manner. Important also is whether large numbers of people are familiar with and sympathetic toward the cooperative way hence education on the cooperative way becomes imperative. Indeed, another Battle Began!

About the Authors

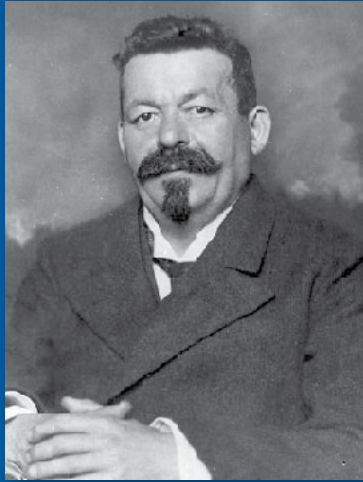


ALBERT VINGWE is a trained and experienced co-operative member, farmer and experienced manager with a demonstrated history of working in the co-operative movement from primary society to the Federation level. He is one of the founder members of Chitsvachirimurutsoka Agricultural Collective Co-operative Society established in 1983. He was elected secretary general in 1986 and chairman of the Organization of Collective Co-operatives in Zimbabwe (OCCZIM) in 1989. He was elected secretary general and chairman of Zimbabwe National Co-operative Federation (ZNCF) from 1999 to 2012.

He is the co-author of the book on COOPREFORM Country Studies on Co-operative Development and Structural Adjustment in Zimbabwe (ILO) 1996, booklet on An Impression of Co-operatives in Zimbabwe in 2013. He is the vice Chairman of the Central Co-operative Fund Committee. He is married with three children.

JOS MARTENS is a Dutch agronomist and activist. He has worked in Zimbabwe and Southern Africa since 1984, in particular with small farmer organisations and trade unions. He is married to Everjoyce Dhliwayo-Martens; they have three children. He can be contacted at j.martens.sa@gmail.com.





Founded in 1925 as the first German political foundation, the Friedrich-Ebert-Stiftung (FES) is a private, non-profit organisation committed to the value of social democracy. The Foundation bears the name of the first democratically elected President of Germany, in 1918, Friedrich Ebert, and seeks to preserve his political legacy: the promotion of freedom, solidarity and social justice. The Foundation pursues these aims through its programmes of political education, international co-operation, scholarships and research in Germany and abroad.