

**PARTICIPATION OF COOPERATIVES IN THE  
PROVISION OF SOCIAL PROTECTION**

(TO THEIR MEMBERS)

## **In the absence of a universal social protection**

Unlike developed countries where social security schemes that provide social protection to their citizenry are in place, such schemes are non-existent in most of Africa owing to chronic poverty.

## Role of Cooperatives

As member-based, member-controlled social and economic organizations, cooperatives can, and often do, provide various forms of social protection. Examples abound of such cooperative initiated schemes.

# Cooperative Credit

Savings and Credit Cooperative Societies (SACCOS) provide affordable loans to their members who would otherwise have no access to credit from private financial institutions. Such loans are used to start small enterprises, improve house improvement, school fees, agricultural production, house-household goods and also to cover medical expenses.

# Informal savings and loan schemes

- ▣ Different countries have different forms of informal traditional savings and loan schemes, some of them centuries old. They are all based on mutual trust. Many of these can be converted into formal savings and credit cooperatives or *pre-cooperatives*

# Cooperative Banks

- ▣ Cooperative banks provide loans to the cooperatives that own them. Such loans enable the borrowing cooperatives expand their enterprises which in turn benefit their members. Such banks also support special programmes for cooperative members and their communities. For example, the Kilimanjaro Cooperative Bank supports women cooperative groups to start new enterprises or improve existing ones, thus increasing incomes

# Farmers' Cooperatives

- Most farmers' cooperative societies provide farm inputs on credit (implements, seeds, fertilizers, pesticides, packing and building materials, hire of farm machinery, etc). The money is repaid when the farmer-member sells his crop through the cooperative.
- When necessary cooperatives may offer guarantees for members borrowing from cooperative banks or other institutions.

# The Warehouse Receipt System

- The Warehouse Receipt System protects the member from low prices offered at harvest time by enabling him/her acquire credit to live on until the price is right.



# Insurance

Insurance cooperatives provide protection to members and their property. They also provide cover for the members' assets in the cooperative. Many savings and credit cooperatives provide loan protection cover. Cooperative micro insurance is becoming increasingly common

# Crop Stabilization Fund

- In the past cooperatives have created *Crop Stabilization Fund* to protect their members against a drastic fall in prices. This is best done at state level.

# Other protection schemes

- The Soweto Home-based Care-givers Cooperative Society in South Africa provides medication, food, counseling, ambulance and general care to persons living with HIV and AIDS
- The Kilimanjaro Native Cooperative Union in Tanzania is using part of its profits to support orphans and children from very poor families by paying for their school fees, uniforms and meals. So far ..... have been supported

## Other protection schemes (cont'd)

- A women's cooperative in Swaziland supports orphans and persons living with HIV-AIDS
- Among other things, the Okondjatu Kasojetua Youth Group in Namibia has enhanced life skills and raised awareness of the challenges facing school children through the establishment of four school HIV/ AIDS clubs. It has also increased income for vulnerable children by establishing income generating activities for the Kaso band and Kasojetua choir group members

## Other protection schemes (cont'd)

- Some cooperatives have sponsored members' children for advanced studies within and outside their countries
  - *Health Cooperatives* provide health services to members and their families at a nominal fee
  - *Funeral/Burial Cooperatives* provide cover for members and their families

# Other protection schemes

- ▣ *Housing Cooperatives* enable their members acquire shelter - either by constructing houses (where members contribute labour and money) or by putting up houses that are leased to members at affordable rent.

# Social Services Cooperatives (cont'd)

- ▣ *Social Services Cooperatives*
- ▣ There are various types of social services cooperatives that provide one form of protection or another. The distinct feature of a social services cooperative is that it is there to provide a public service need by the community rather than to carry out commercial activities. They are strictly *service* oriented. A health cooperative is one of them. But there are others, too.....

# Social Services Cooperatives (cont'd)

- ▣ Cooperative schools: where parents lacking school facilities for their children put up classrooms and equip them, hire teachers, purchase books, etc. and operate as a private school. They will of course pay a nominal fee, enough to cover salaries and other operating costs. The idea is not to make money out of the school but to provide a commonly needed service.



## Social Services cooperatives (cont'd)

- ▣ Water consumers' cooperatives: People in a community may need water but feel that nobody is going to provide it unless they do something for themselves. They may raise some money as a cooperative, sink a well – or several wells, pumps out the water and use it. They may need to make small regular contributions to maintain the well and the pumps, or even sink more wells.

The various types of cooperatives and the schemes discussed here do help cushion cooperative members against the harsh impact of poverty – more so in the absence of a universal social security system.

Thank you