

# ENGAGING CO-OPERATIVES IN ADDRESSING LOCAL AND GLOBAL CHALLENGES:

## *The Role of Co-operatives in Generating Sustainable Livelihoods*

***By Dr. Esther Gicheru***

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## **Abstract**

*The thrust of this paper is that the Co-operative business model is more amenable than the traditional investor-owned enterprises and the individually-owned businesses in securing sustainable livelihoods for youth and informal sector workers due to its three main unique aspects that include member-ownership, member-control and member-use.*

*The central argument of this paper is that for many centuries now Co-operatives have had significant impact in addressing both local and global challenges and that it has tremendous potential to address the ongoing challenges to youth employment and creating more secure livelihood prospects for informal economy workers.*

# UNIQUENESS OF THE CO-OPERATIVE BUSINESS MODEL

*A Co-operative 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*

The Co-operative business model is unique and distinct from other business models because it is:

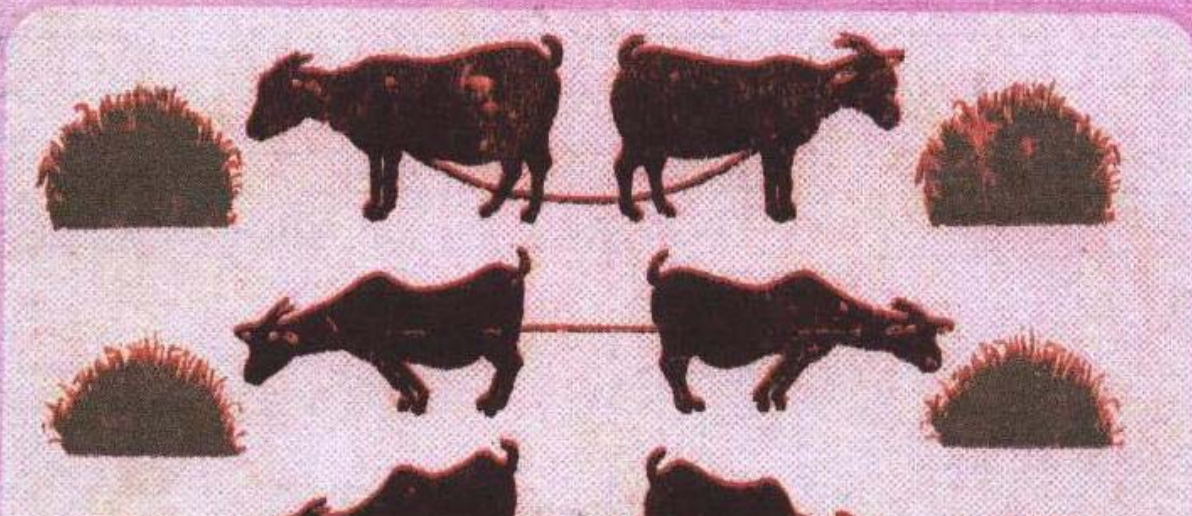
- member-owned,
- member-controlled ,and
- member-used / equitable sharing of benefits by members

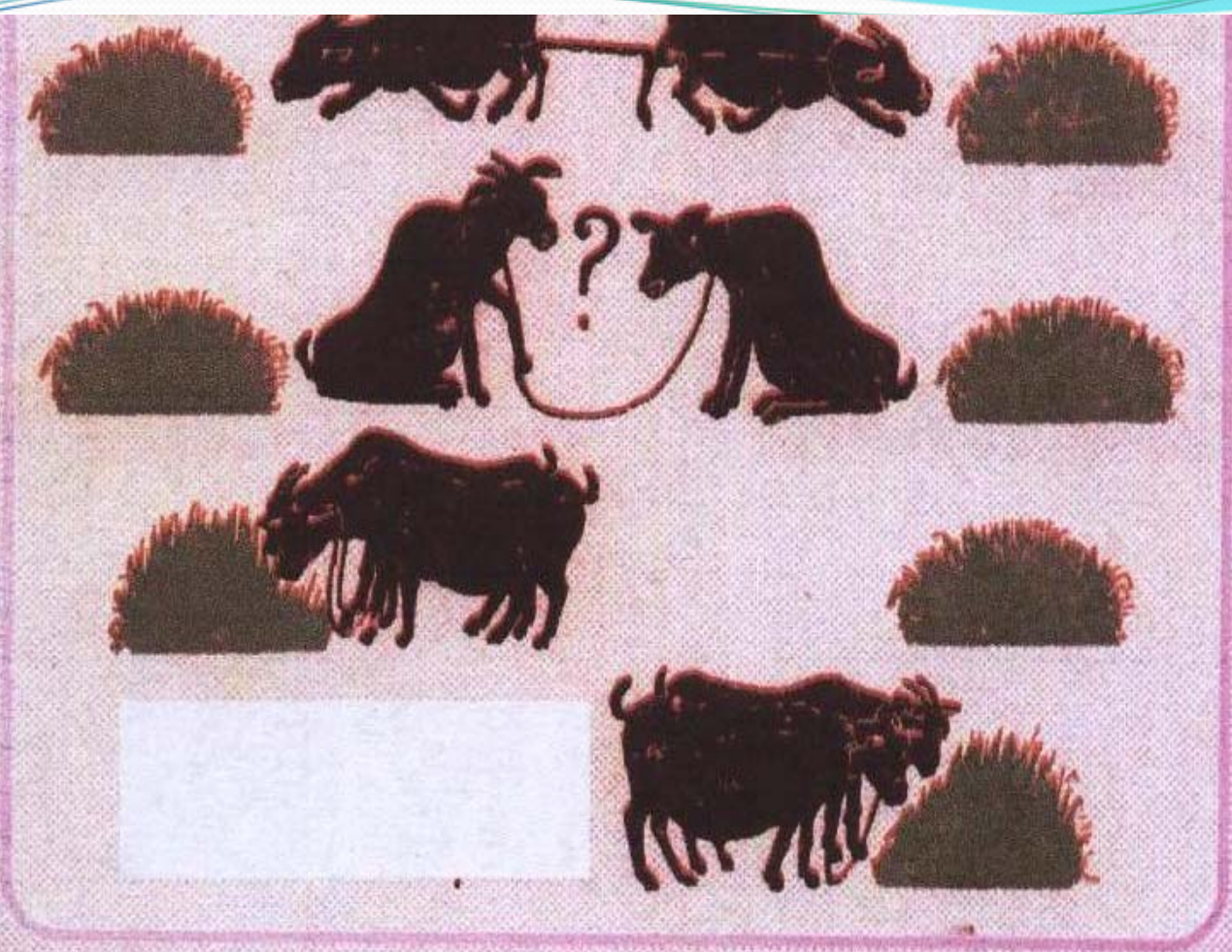
## COOPERATIVE PHILOSOPHY

Development through Mutual Self-Help

# Co-operatives:

*Past, Present and Future*





## THREE KEY QUESTIONS

- what makes the cooperative business model more or less amenable than traditional investor-owned and individually-owned business, in securing sustainable livelihoods?
- what role do or can co-operatives play in addressing the on-going challenges to youth employment?
- what advantages does the cooperative model hold in creating more secure livelihood prospects for informal sector workers?

## DEFINITION OF TERMS

- **Sustainable Livelihoods** : about placing people, particularly rural poor people, at the centre of a web of inter-related influences that affect how these people create a livelihood for themselves and their households (IFAD, 2012).
- **The Sustainable Livelihood Approach (SLA)**: a way to improve understanding of the livelihoods of poor people, drawing on the main factors that affect poor people's livelihoods and the typical relationships between these factors.

# YOUTH

- **Youth:** young people who have attained legal age and have a legal capacity to enter into contractual relationship with other people.
- The age bracket for youth varies from country to country depending on law, tradition and custom.
- In traditional societies, for example, a boy or girl who is married or has a child is considered by society and self as an adult no matter the age.
- In modern Kenya, the age bracket for youth is from 18 to 30 years and constitute about 75% of the total population.



## INFORMAL SECTOR

World Bank defines Informal sector in terms of two types of labour market activities :

1. legal survival activities such as casual jobs, temporary jobs, unpaid jobs, subsistence agriculture, multiple job holding, and
2. illegal activities that include unofficial business activities and underground activities that are characterized by tax evasion, avoidance of labor regulation and other government or institutional regulations, no registration of the company, crime, corruption - activities not registered by statistical offices

## THE CO-OPERATIVE MODEL IS MORE AMENABLE ....

..... than traditional investor-owned and individually-owned business, in securing sustainable livelihoods:

1. Co-operatives enjoy legal protection;
2. Co-operatives enjoy synergy from diversity of membership ;
3. Co-operatives enjoy economies of scale;
4. Co-operatives provide social inclusion;
5. Co-operatives raise capital easily;
6. Co-operatives have capacity to employ specialized staff and opportunity to elect capable leaders.

# ROLE OF CO-OPERATIVES IN ADDRESSING CHALLENGES OF YOUTH EMPLOYMENT

- In modern Kenya, the age bracket for youth is from 18 to 30 years and constitute about 75% of the total population.
- Challenges of unemployment are serious.
- Only about 60,000 jobs created in the Co-operative sector alone.

# CO-OPERATIVES AND YOUTH EMPLOYMENT

- Savings and Credit (SACCOs),
- transport,
- agro-processing,
- poultry,
- horticulture,
- handicrafts,
- tree planting including herbal trees like moringa oleifera
- worker-based Co-operatives in areas of ICT, service industry and consumer.

# SUPPORT TO YOUTH-FRIENDLY CO-OPERATIVES

- Youth Enterprise Development Fund (YEDF)
- Women Enterprise Development Fund (WEDF),
- Constituency Fund Enterprise Scheme (CFES)
- Micro-finance institutions
- Banks
- SACCOs

# HOW COOPERATIVES CAN CREATE MORE SECURE LIVELIHOOD PROSPECTS FOR INFORMAL SECTOR WORKERS.

- Informal Sector workers can establish Co-operative enterprises that match their skills and knowledge
- Engaging in joint projects through the Co-operative model to reduce poverty levels and provide basic needs and create wealth, i.e. SACCOs, consumer, transport...
- Establishing workers Co-operatives where informal workers with common skills and interests such as

# HOW COOPERATIVES CAN CREATE MORE SECURE LIVELIHOOD PROSPECTS FOR INFORMAL SECTOR WORKERS.

- Housing Co-operatives could be the answer to the rural and urban informal sector workers who are often faced with poor and expensive housing in slum areas without proper sanitary conditions and infrastructure.
- Informal sector workers can establish and join services Co-operatives and production Co-operatives i.e. waste disposal Co-operative, a recycling Co-operative or a Co-operative that processes waste material into useful products such as charcoal, furniture or art.



**Thank You**

**Asante Sana**

**Dr. Esther Gicheru, Kenya**