



**International Co-operative
Alliance – Africa**
A Region of the International
Co-operative Alliance

MAPPING: KEY FIGURES

NATIONAL REPORT: ZAMBIA

ICA-EU PARTNERSHIP



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i. Acronym

CUSA	Credit Union and Savings Association
DMC	Department of Marketing and Cooperatives
FISP	Farmer Input Support Programme
FSPP	Farmer Food Security Pack programme
ICA	International Co-operative Alliance
MMD	Movement for Multi-party Democracy
MA	Ministry of Agriculture
MCTI	Ministry of Commerce, Trade and Industry
NamBoard	National Agricultural Marketing Board
NGO	Non-Government Organization
NCDP	National Cooperative Development Policy
PCU	Provincial Cooperative Unions
7NDP	Seventh National Development Plan
UNIP	United National Independence Party
ZCF	Zambia Cooperative Federation (

I. INTRODUCTION AND CONTEXT

This report is part of a Mapping exercise launched by the International Co-operative Alliance and its regional offices within the framework of a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects led within this partnership include a worldwide Legal Frameworks Analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research seeks to provide exhaustive information on cooperatives worldwide. This is achieved through a process jointly conducted by the ICA and its four regional offices – Cooperatives of the Americas, Cooperatives Europe, ICA Africa, and ICA Asia-Pacific – using a common methodology. Each office collected the input of ICA members present in the countries within its geographic area, by using the same questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in Zambia.

i. Historical Background

Co-operative organizations started in Britain in a small town called Rochdale in the mid nineteenth century. In 1844, a group of workers, reacting to capitalist exploitation decided to come together to form a co-operative shop, whose primary objective was to supply goods to members. From the Rochdale success story sprang many other related initiatives including distortions particularly among socialist and communist countries.

As cooperatives spread world over, an International Co-operative Alliance ICA was formed in London in 1885 to represent interests of cooperatives globally. The International Cooperative Alliance (ICA) is an independent, non-governmental Association, which unites, represents and serve co-operatives worldwide. Its members are national and international cooperative organizations in all sectors of the economy. Currently, ICA has growing membership in several countries worldwide.

The first co-operative in Zambia was formed by white settler farmers was formed in 1914 as a means for marketing their agricultural produce to the newly developing copper mines in Katanga region of the Democratic Republic of Congo and the newly opened copper mines on the Copper-belt in Zambia. The movement only gathered momentum after 1948 when the Department

of Cooperatives, Co-operatives Ordinance and Registrar of Co-operatives were instituted. Immediately after independence in 1964 the Zambian government embarked on promotion of co-operatives development throughout the country, catering for all types of economic and social ventures.

In order to involve Zambians more fully in economic and social development, the revitalized post-independence co-operative movement was launched in 1965. Various types of co-operatives sprang up before government institutions had the machinery to assist them efficiently. Between 1965 and 1971 three types of co-operative organization came to dominate the movement. These were producer farming co-operatives, building and brickmaking societies, and producer marketing societies.

A new comprehensive Cooperative Societies Act of 1970 was passed in December the same year to give extensive powers to the Registrar of Cooperatives and emphasizing on the social role of cooperatives in Zambia.

On 13th April 1973, the Zambia Co-operative Federation Limited as an umbrella body was registered with the main aim of performing functions for the co-operative movement. The main function of Zambia Cooperative Federation was to coordinate the function of cooperative promotion and development. From 1973 to 1991 the cooperative movement in Zambia controlled over 90% of the agriculture sector through the network of *Primary Cooperative Societies, District Cooperative Unions and Provincial Cooperative Unions*. Cooperatives serviced all parts of the country, in supplying farming requisites and purchase of produce from farmers. Cooperatives had a network of storage sheds and assisted in the delivering other consumer goods through cooperative consumer shops.

In 1983 co-operatives were declared a mass movement by Zambia's sole political party, the United National Independence Party (UNIP). Through this measure, which included cooperative representation in the highest decision-making body of UNIP, the cooperative movement became affiliated to the party.

Also, in 1983, the Ministry of Cooperatives was formed and given the responsibility of cooperative policy formulation. The Ministry included the Department of Marketing and Cooperatives (DMC) and the Cooperative College, which had been established with donor funding from the Swedish government in the early 1970's.

In 1984 the government adopted as a deliberate policy the formation of provincial cooperative unions (PCUs) in all the nine provinces of Zambia. As a result, six unions were formed in addition to the three already existing. The main function of the PCUs was agricultural marketing, initially as agents of the National Agricultural Marketing Board (NamBoard). In 1988 government transferred the role of NamBoard to the cooperatives through the Zambia Cooperative Federation (ZCF) and dissolved NamBoard.

1.1. *Current status of Co-operatives in Zambia*

The current status of the cooperative movement in Zambia is performing below par following the 1991 market liberalization as the government moved from centrally planned economy model to a free market economy model. The new government of the Movement for Multi-party Democracy (MMD) under the new economic paradigm withdrew from direct involvement of government in economic business by privatizing most of the government owned business entities and consequently withdrawing its support to cooperatives to make them operate as privately-owned business entities.

Many of the cooperative dominated economic fields saw numerous competing entrants such that formerly state sponsored co-operatives could not cope and majority of the cooperatives at primary, district and provincial level either scaled down their operations or shut down all together. Most of their *assets* were either stripped off or sold for a song by selfish their leaders.

Today co-operatives have still continued to be an important business constituent of the national social economic development efforts though they are still plagued with internal and external problems. The government resorts to them as viable facilitators for mass involvement of community in its development strategy whether for food security, nutrition and value addition. With the nation experiencing high poverty levels especially in rural areas, cooperative movement is still made to have a role to play as is the case with the Farmer Input Support Programme (FISP) and Farmer Food Security Pack programme (FSPP) whose targeting is through the primary cooperative societies.

In 2015 all cooperative functions in the Department of Cooperatives were transferred from the Ministry of Agriculture (MA) to Ministry of Commerce, Trade and Industry (MCTI) as one way of shifting the mindset of people to start forming commercially viable and sustainable co-operatives vis viz the traditional agricultural view commonly held by many Zambians.

To date, the majority of co-operatives being formed in Zambia are chiefly anchored on agriculture according to the statistics on registered cooperatives. The major hindrance to co-operative development presently is that those formed are just interested in accessing government resources through programs such as FISP and FSPP, youth empowerment and Livestock programs.

The relocation of the function to MCTI from Ministry of Agriculture was to ensure diversification of cooperatives formed away from agriculture to other sectors of the economy such as engineering, construction, insurance and manufacturing to mention a few examples.

The Government of Zambia, through the Seventh National Development Plan (7NDP) has acknowledged the important role co-operatives play in national development. The 7NDP emphasizes the use of co-operatives as a model to promote job creation and poverty reduction. The Government thus, seeks to diversify the co-operative model with emphasis on realigning the co-operatives to operate as business entities that can create employment and incomes from diverse income generating activities.

With this emphasis, the government of Zambia plans to revise the Cooperatives Act No. 20 of 1998 as the first step in revamping cooperatives and enhancing the legal framework governing cooperatives in general.

1.2. Challenges faced by the Cooperative movement in Zambia

The cooperative movement in Zambia is still faced with both major internal and external challenges.

▪ Major external problems:

- Lack of political will to allow cooperatives truly operate as privately-owned business enterprises as evidenced by government use of cooperatives to implement the FISP, FSPP and the Solar hammermill programme
- Most economic sectors are dominated by large foreign multinational corporations with advantage on access to cheap capital and economies of scale i.e. in banking, mining and tourism. These present stiff competition for cooperatives both in entry into the sector and their sustainability.
- Natural disasters such as drought and animal diseases are usually beyond capacity to resolve for agricultural, livestock and dairy based cooperatives.
- Macroeconomic policy changes devoid of needs considerations for transitional business outfits such as parastatal and member-based businesses like cooperatives i.e. permitting Bank of China to service investment financial needs for its nationals in Zambia. This advantages such firms financially compared to high interest financial services offered by banking sector.
- Poor road and marketing infrastructure equally pose a challenge to cooperatives.
- The advent of free market economy paradigm has resulted in lack of a defined cooperative development approach that government championed prior to economic liberalization.

▪ Major internal problems:

- Opportunistic behavior in formation of cooperatives (i.e. solely for FISP and or FSPP resource access) undermine the cooperative philosophy and principles in forming cooperatives
- Under capitalization, mismanagement, and financial indiscipline affect the viability of cooperatives
- Poor governance especially, through forging links with political entities, compromises cooperative ethos for formation of cooperative per cooperation among cooperators principle and violates requisites for nondiscrimination in member recruitment
- Inadequate entrepreneurship and management skills and low literacy proficiency levels
- contribute to member initiative failure to respond to opportunities and threats the changing macro-economic environment presents.

- The general downturn in business in the cooperative movement has made support from secondary cooperatives like Zambia Cooperative Federation inadequate.

1.3. The Act or legal policy governing Co-operatives in Zambia

In Zambia, the Cooperative Societies Act No. 63 of 1970 and the cooperative rules of 1972 are the legal instruments of government for management of the cooperative sector in Zambia.

The legal cooperative policy presently being implemented is the National Cooperative Development Policy (NCDP). The NCDP provides the road map to successful cooperative implementation with the view of accelerating co-operative development or attaining the intended objectives.

ii. Public National Statistics on Co-operatives

This part of the script gives a picture of the national statistics totals on registered co-operatives categorized by sector and least membership¹ in Zambia as at the close of 2019. The membership totals are disaggregated by gender as reflected in the notes to table 1 below.

¹ Annual returns which would indicate the actual membership numbers and societies due for deregistration are only due by June 2020

Table 1: Registered Cooperatives by sector as at 31/12/2019

PROVINCE	Agricultural	Savings	Mining	Artisan	Marketing	Building Society	Transport	Tourism	Consumer	Housing	Other Co-operatives	TOTAL
CENTRAL	814	19	1	3	0	0	0	0	1	0	0	838
COPPERBELT	980	9	19	4	0	1	1	0	0	1	0	1015
EASTERN	2814	233	20	1	5	0	0	0	0	0	9	3082
LUAPULA	132	1	0	0	0	0	0	0	0	0	0	133
LUSAKA	450	56	5	3	8	1	3	0	1	0	4	531
MUCHINGA	503	4	0	1	0	1	0	0	0	0	0	509
NORTHERN	846	14	0	3	2	0	0	0	0	0	0	865
N/WESTERN	325	3	1	0	0	0	0	1	0	0	0	330
SOUTHERN	1957	7	2	6	0	0	1	1	0	0	0	1974
WESTERN	208	10	0	1	0	0	0	1	1	0	0	221
TOTAL	9029	356	48	22	15	3	5	3	3	1	13	9498

Source: Department of Cooperative Societies (Registrar)

Note:

The minimum 10 members required to legally qualify for registration of a co-operatives is used to determine minimum membership figures. The minimum membership figures are used because majority of co-operatives do not file in Annual Returns which would give updated membership figures

- A total of 9498 registered co-operatives denotes the total of co-operatives registered by category in 2019.
- The total membership is approximately 1,578,340 inclusive of the 1,500,000 membership for the savings and credit union membership, the cooperatives
- A total of 535 registered women co-operatives at minimum of 10 members = 5,350 female members

The number of registered cooperatives that has been deregistered as at December, 2019 on account of liquidation were 897 as reflected in table 2 below.

Table 2 Deregistered cooperatives

PROVINCE	Agricultural	Savings	Mining	Artisan	Manufacturing	Marketing/ Multipurpose	Building Society	Transport	Consumer	Other Co- operatives	District Cooperative Unions	Provincial cooperative Unions	TOTAL
CENTRAL	58	2	1	1	0	21	1	0	2	7	1	0	94
COPPERBELT	18	2	1	2	4	6	20	0	2	3	1	0	59
EASTERN	36	3	0	0	5	2	5	0	4	15	2	1	72
LUAPULA	122	10	0	0	3	7	14	1	0	10	7	1	174
LUSAKA	29	11	0	0	4	14	6	4	4	5	1	0	78
MUCHINGA	43	4	0	0	1	4	4	0	1	2	1	0	60
NORTHERN	28	3	0	1	2	0	6	0	0	3	2	0	45
N/WESTERN	65	3	0	0	0	9	16	0	6	10	0	0	109
SOUTHERN	69	12	1	0	2	14	20	0	1	6	4	0	129
WESTERN	35	4	0	0	1	4	26	0	0	7	0	0	77
TOTAL	503	54	3	4	22	81	118	5	20	68	19	2	897

Source: Department of Cooperative Societies (Registrar)

a. Categorization of Co-operatives

Based on the activities each cooperative is involved in, they are either single purpose as in consumer cooperatives or multipurpose as in agricultural cooperatives involved in input trading crop marketing, value addition (milling) and retailing beyond the sector classification reflected in table 1 above

b. Employment Status

The general view is that there is less employment offered by co-operatives in Zambia since the economy was liberalized in 1991 due to reduced economic role cooperatives play. Prior to 1991, Co-operatives were ranked third highest employer in Zambia but with liberalization most of the co-operatives either scaled down their economic activities due to competition or folded up.

Currently there are exceptional cases of co-operatives that are creating employment in particular, the Savings and Credit Cooperatives though mostly based in Lusaka, have wide membership country wide such as Care co-operatives and Nkhwazi cooperative whose membership is drawn from a range of Non-Government Organization (NGOs) and embassies, the Zambia Police Thrift Cooperative, Zambia National Service Savings and Credit co-operative, the Zambia Army Savings and Credit, World Vision, Civil Servants Savings and Credit Union all of whom have employed skilled workforce to manage their businesses

On the contrary, majority of co-operatives especially those in the agricultural sector are poorly managed and struggle to create job opportunities with their involvement revolving around accessing government handouts through youth empowerment funds, FISP and other programs.

Statistical records on employment generation are poor and made worse by irregular submission of annual returns by the cooperatives. However, on average each cooperative employs 3 employees including the cooperative society manager which reasonably amounts to at least 30, 000 employees in the cooperative movement.

iii. Research Methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC) rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organizations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognized, the present Mapping exercise targets cooperative organizations members of the ICA.

Furthermore, in order to complete data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

In Zambia, the Mapping questionnaire, was distributed to, and completed by contacts in the cooperative movement in the country. After some additional follow-up and clarifications from the member, the figures provided were compiled to be presented in the next section.

II. KEY FIGURES

This section presents the results of the data collection of a secondary cooperative in Zambia. It is different from the general estimates for the country provided in the public national statistics.

The information about a secondary co-operative in Zambia is drawn from the case of National Savings and credit Cooperative Union which was previously known as Credit Union and Savings Association (CUSA). It was originated in 1969 in Monze, Southern Province of Zambia.

In 1970 it became a group of credit unions aimed at serving both the rural and urban employee population. In 1980, it expanded coverage to include non-employees resulting in formation of such cooperatives outside the work place context.

a. Objectives

The National Association of Savings and Credit Union of Zambia (Cooperative) Limited was established to promote and improve the standard of living of its members and also to create job opportunities for the Zambian community by undertaking the following:

- Receive deposits and give loans to members
- Promote thrift through loans disbursements and culture of savings in communities.
- To provide a fund for members investment and relief needs
- Generate income through interest on loans and investment in income generating activities to argument deposits in the fund members access
- Engage in advocacy, information disseminating and training of member affiliates on investment options.

b. Types of Membership available in the Organization

Membership of the National Association of Savings and Credit Union of Zambia Co-operative Limited comprise affiliate Savings and Credit Union and other co-operatives types with a minimum of thirty members resident in Zambia. As at 2019, the society had 1664 affiliates in its membership register as reflected in table 2 under 3.2.2 below. Admission into membership is in accordance with the Cooperative Societies Act No 20 of 1998

i. Types of Membership

- Worker based Credit Unions
- Community based Credit Unions

ii. Number of Co-operatives Represented

The table under represents the numbers of the provincial breakdown of savings and credit of co-operatives in Zambia as at 31st December, 2019.

Table 3 Savings and Credit Co-operatives affiliates as at 31/12/2019

Province	Totals
Central	165
Copperbelt	71
Eastern	579
Luapula	36
Lusaka	208
Muchinga	123
Northern	238
North Western	36
Southern	158
Western	50
Grand Total	1,664

Source: National Savings and credit Cooperative Union

iii. Number of Savings and Credit co-operative members represented

Currently 1,500,000 (30% female)

iv. Number of employees of the co-operative represented

7,194

v. Main source of Income

Interest on Loans and Affiliate fees.

III. General overview

The information provided below represents the data provided in form of infographs for ease of comprehension.

- Number of National Savings and credit Cooperative Union

	Category	Total
1.	Number of Co-operatives	1,664
2.	Number of Membership	1,500,000
3.	Number of Employees	7,194

Contacts

Further details on the Mapping research are available on the following website:

<https://coops4dev.coop/en>

The production of this report was overseen by ICA-Africa. For any further information or clarification, please contact the following address: info@icaafrica.coop

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