

**THE IMPORTANCE OF
COOPERATIVE PRINCIPLES IN
THE FINANCIAL COOPERATIVE
MODEL**

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Outline

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–FINCOOP Case Study of Malawi

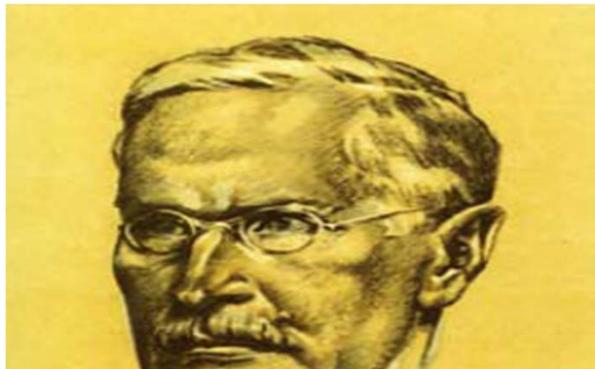
THREE IDEOLOGIES



Adam Smith 1778– Capitalism



Das Kapital 1866 - Communism



R.W Raiffesein 1867 - Co-operativism

Co-operatives Defined

According to the International Co-operative Alliance(ICA):

‘A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural aspirations, through jointly owned and democratically controlled enterprise’.



The Co-operative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Ongoing Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community
8. Building Financial Stability

THESE PRINCIPLES ARE BASED ON THE FOLLOWING VALUES

- Self Responsibility
- Self Help
- Democracy
- Equality
- Equity
- Solidarity

SIGNIFICANCE OF CO-OPERATIVES TO THE AFRICAN CONTINENT

- Co-operatives as economic enterprises and self-help organizations, play meaningful role in uplifting the socio-economic conditions of members and local communities**

Cont..

- **Co-operative enterprises in Africa have successfully operated locally-owned people-centred business and also serving as catalysts for social organization and cohesion**

Con't.

- **As a result of concern for member and communities, co-operative enterprises represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment**

Cont..

- **The global challenges of unstable financial systems, increased food supply insecurity, growing inequality world wide, rapid climate change and increased environmental degradation makes the economic enterprise model that co-operative offer very relevant in recent times**

Con't.

- **Globally, about 800million members in over 100 countries are engaged in co-operative activities through membership organizations of ICA**
- **In Africa, about 7% of the population are involved in co-operative activities**

Con't.

- **Some Countries in the eastern and southern block of the continent have achieved a lot in co-operatives.**

Eg. Kenya's Co-operatives contribute about 45% to the country's GDPdit

GOALS

**SOCIAL
GOAL
(SERVICE)**

**ECONOMIC
GOAL
(PROFITABILITY)**

COOPERATIVES



***THE MORE COMMERCIALY MINDED
YOU BECOME, THE GREATER SOCIAL
IMPACT YOU CAN ACHIEVE!***

MALAWI ECONOMY

Statistics	Metric
Population estimate (2009)	15,263,417
Rural population (2009)	12,317,578
Rural poor (2009)	6,885,526
Subsistence farming	>90%
Employment - agricultural sector	85%
GDP contribution agriculture	— 45%
Export earnings	90%
Land surface	94,000km ²
Water surface	24,000km ²
Irrigation area	1%



How cooperatives can lead to economic growth

The case of FINCOOP SACCO in Malawi

FINCOOP

- SACCO started in 2004 as a project to serve urban community
- Experienced stagnated growth during the first two years
- Then Exponential Growth

GROWTH FACTORS

- Brand Visibility
- Competent and experienced management
- Support from National Association
- Faithful adherence to Coop principles

FINANCIAL GROWTH TRENDS

Indicators	2004	2005	2006	2007	2008	2009	2010
Membership	323	1,101	5,217	11,028	23,354	29,315	
Male	252	773	3,520	7,109	14,936	17,723	
Female	69	316	1,507	3,531	7,432	10,180	
Groups	2	12	190	388	986	1,412	
Member Shares	1,936,061	5,532,808	33,038,337	131,002,451	420,019,996	460,530,326	460,
Member Deposits	547,791	2,071,068	8,311,408	19,706,278	51,139,321	45,701,207	51,
Member loans outstanding	497,691	4,364,607	33,870,206	163,628,798	575,465,128	642,448,027	615,
Profitability	119,563	698,368	3,861,712	399,689	14,004,818	22,095,089	3,
Investment	1,353,934	3,534,839	5,974,241	9,708,759	45,330,346	88,888,906	69,

TO CONCLUDE

For Financial Cooperatives to thrive, we need

1. Numbers and volumes

2. A cadre of individuals who believe in Cooperatives, have passion for Cooperatives. Men and women of integrity; who lead by example. Prepared to embrace Cooperatives as

Conclusion Cont..

- 3. A credible and progressive apex body to give legitimacy and recognition to the sector.**
- 4. Close monitoring and supervision**
- 5. Continuous advocacy of a Cooperative culture**

Conclusion cont..

- **Cooperatives that are not infested with politics**
- **To avoid Cooperatives from being turned into vehicles for delivering government social programs.**

MY Wish

If we want to liberate our people from the bondage of poverty which still afflicts the majority of our people, we need people/ Governments that are ready to commit time and resources to embark on what I call a '**Co-operativization Crusade**' on our continent!

Germany, Canada, U.S.A, Japan and closer home Kenya owe their economic success/prosperity in part to Cooperatives revolution in these countries

Siyabonga

Zikomo

Thank you