

## **Agenda 2063: The Africa We Want**

**TITLE:     Worker Owned Co-operatives as a solution to the shortcomings of Agenda 2063**

### **ABSTRACT**

According to the Agenda 63 aspiration, “*Africa shall be an integrated, united, sovereign, independent, confident and self-reliant continent*”. However, this aspiration will remain to be a dream if the underlying challenges of financing the Agenda 2063 are not solved systemically and strategically. Overreliance on Overseas Development Assistance, illicit financial flows, and irresponsible use of mobilized domestic resources pose a great threat to the African continent, subjecting Africa to a great loss and hindrance to Africa’s financial self-reliance. Intra-African trade barriers, terrorism and resource curse also add to the hitch experienced in achieving the Agenda 2063. Fortunately, a resilient and innovative approach in carrying out business in Africa could immensely provide the much-needed solutions to the challenges of Agenda 2063: **“Worker-owned and Community Benefitting Co-operatives”**, a solution for Africa by Africans.

This paper is intended to respond to the burgeoning grassroots interest in achieving Agenda 2063 – to help guide community organizers’ understanding of the benefits, limitations, and challenges involved in establishing worker owned cooperatives. It is not a toolkit outlining the nuts and bolts involved in creating a worker owned cooperative -- many of those exist, and some good models are included in the resource section at the end of this paper for those who want to pursue the concept further. Rather, it provides a broad, strategic view of the value of worker owned cooperatives as it aligns with the aspirations of Agenda 2063, and attempts to detail the efforts required to realize that value.

### **Worker Owned Cooperatives**

A worker-owned 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

In addition to their economic and governance participation, worker-owners often manage the day-to-day operations through various management structures. Worker cooperatives have a long history from the early 1800s. The first successful organization was the Rochdale Society of Equitable Pioneers, established in England in 1844.

An innovative method to achieve Agenda 2063 is Incremental Innovation Business Model Innovation. Initiating modifications in current business practices to create a shift towards innovation and adoption of best practices that would in turn promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is significant in financing the Agenda 2063.

Incremental Innovation and Business Model Innovation do not bring in new technology nor change the market. It implies that an institution needs to evaluate, modify, test and update best practice and policy, vision and strategy, networks building, advisory, research, and the business model, eventually undergoing a systemic change to revolutionize the impact of the institution in and to the community and the owners or workers of the institution itself.

Moreover, this innovative approach needs to be scaled up through progressive advocacy and capacity building at community level across the African continent to create a significant impact.

For instance I employ this innovation in my community, an existing technology in an existing market, but different strategy and system (from individualism/privatization to worker-owned businesses – shared community resource) in [our organization's](#) two pilot projects (Bee Keeping in Trans Nzoia County and Vegetable farming in Kisumu County, Kenya).

### **Operation of worker-owners:**

A set of principles and value guide the operation of worker-owned cooperatives, including:

- **Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

- **Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

- **Member Economic Participation**  
Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
- **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 by their members and maintain their co-operative autonomy.
- **Education, Training and Information**  
Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
- **Cooperation among Cooperatives**  
Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- **Concern for Community**  
Cooperatives work for the sustainable development of their communities through policies approved by their members.

In addition to economic equity and democratic leadership, cooperatives elevate and advance other values, including environmental sustainability and local vitality.

### **Challenges experienced by worker cooperatives:**

- **Financing** – This responsibility lies with the worker owners themselves, who in these sectors are likely new to entrepreneurship and the world of finance and will face a steep learning curve to participate actively and effectively in decision-making.
- **Accessing Expertise** – Incubating, launching, and operating a worker owned cooperative requires a set of skills that are distinct from those involved in community organizing, including but not limited to issues related to financing. Understanding and assessing the local and perhaps regional economy, handling

service delivery and managing customer expectations are all part and parcel of enterprise development.

- **Management** –Deciding how to configure the management structure, and ensuring that those charged with it have both the business acumen to grow the company and the necessary commitment to worker ownership to maintain a balance with democratic decision-making in a transparent, accountable and empowering way is a challenge that every co-op must navigate on an ongoing basis.
- **Growth** –While worker-owned cooperatives must grow to remain financially viable, their growth is typically limited by constraints on capital and tempered by two concerns:
  1. Given their organizational structure, they have less inclination and flexibility to deal with economic downturns by cutting back on the labor side, and so tend to be conservative about expanding; and
  2. The decision-making process becomes more complicated as additional owners are brought on board. At the macro-level, the extent to which all of these factors inhibit growth impacts the ability of cooperatives generally to get to scale and effectively mount a real challenge in the marketplace to traditional businesses.

## **The Role of Organizations in Supporting Cooperative Development**

How can grassroots organizations support worker cooperatives in ways that are consistent with and even feed their organizing work? Are there strategies that can help cooperatives beat the odds – to get a foothold in the market and compete successfully?

- **Support policy initiatives to encourage employee ownership at the federal, state, and local levels:**

### ***Public Funding for Capital Investment and Technical Assistance***

Government support through loans, startup capital, grants for outreach, technical assistance and training, can help build the infrastructure necessary to advance the worker ownership movement, lessening the barriers to cooperative development posed by the needs for capital and technical expertise.

### ***Priority for Cooperative Developments in Competitions for Public Funding***

Legislation could also be initiated at the state and local level to establish a preference, set aside, or goals for cooperatives in government contracting and procurement, similar to the priority that has been established in many states and localities for minority, small and disadvantaged business enterprises in order to increase their participation.

- Leverage the Resources and Purchasing Power of Anchor Institutions**  
 Like governments at every level, private and quasi-public institutions – think of hospitals and universities – spend billions of dollars annually for goods and services. Harnessing that purchasing power and directing it to cooperative enterprises can retain capital in local communities, and create employment opportunity. The best known model of this approach is the Evergreen Cooperatives in Cleveland, Ohio, which include three green enterprises – a laundry, solar panel design and installation service, and greenhouse -- to serve the needs of a group of investing institutions, including the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the local government, and to create jobs in six low income neighborhoods surrounding the university, using an investment of \$6 million in seed capital from the Cleveland Foundation and anchor institutions.
- Expand the Availability of Technical Assistance**  
 TA organizations already exist, in order to build the field of worker owned cooperatives, we'll need to expand the resources available to work with community groups to identify feasible market opportunities, target and recruit potential entrepreneurs, establish and promote viable businesses, and provide ongoing training and management advice to member-owners.
- Develop Partnerships with Technical Assistance Providers and Emerging Cooperatives to Provide Training And Support On Leadership Development**  
 Organizers' sharing of their skills with cooperatives, perhaps by assisting in the development of a training curriculum, conducting one-on-one and group training with members, or providing guidance to managers, could serve as a valuable in-kind contribution to cooperatives' success. It may also help address one of the as yet mostly unrealized goals of worker ownership: harnessing their role in the market to wield political power. Many worker-owned cooperatives are consumed with running their day-to-day business. Relationships with grassroots groups may create ways to develop elevate and leverage the cooperatives' political activism, with minimal investment of time and resources.
- Steer Business to Cooperative Enterprises**  
 Progressive organizations should realize their obligation to seek out and support worker-owned cooperatives, in the same way they decide to support union hotels or print shops, to increase the collective economic footprint of cooperatively-owned entities. Every organization that hires cleaners to maintain their office space or caterers to serve their events, for example, is a market actor that can exercise its purchasing power to support worker ownership and local development.

## **Where Africa aspires to be in 2063:**

The seven African Aspirations were derived through a consultative process with the African Citizenry. These are:

- A Prosperous Africa, based on inclusive growth and sustainable development
- An integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa's Renaissance
- An Africa of good governance, democracy, respect for human rights, justice and the rule of law
- A Peaceful and Secure Africa
- Africa with a strong cultural identity, common heritage, values and ethics
- An Africa whose development is people driven, relying on the potential offered by people, especially its women and youth and caring for children
- An Africa as a strong, united, resilient and influential global player and partner
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## **The shortcomings of Africa's development and progress toward Agenda 2063 include:**

- a. Unemployment
- b. Poverty
- c. Over dependence on international aid
- d. Poor Education
- e. Health and Healthcare
- f. Conflicts and Violence
- g. Hunger
- h. Terrorism
- i. Sustainable Agriculture, nutrition and food security challenges
- j. Access to financing
- k. Low economic growth rate
- l. Poor governance

## **How worker-owners contribute to the Agenda 2063:**

Worker-owner and community-benefitting businesses help to effectively solve:

- a) **A Prosperous Africa, based on inclusive growth and sustainable development** - the cooperatives promotes neighboring stabilization because the profits are localized, enabling improvements in social services, access of the whole community to basic amenities, and general improvement of the wellbeing of the community, resulting to sustainable development.
- b) **An integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa's Renaissance** – the cooperatives allows for integration and collaboration among communities despite socio-cultural

differences. The business serves as a shared resource therefore becoming a unifying factor, paving way for peace, stability, cultural appreciation, and tolerance.

- c) **An Africa of good governance, democracy, and respect for human rights, justice and the rule of law** - every worker has one vote, enabling every worker to take equal responsibility of running the cooperative. This hinders opportunistic behavior, corruption, extortion and unethical behavior, and progressively the larger community gets accustomed to ethical values and principles that greatly shape the governance of the local community and the state at large.
- d) **A Peaceful and Secure Africa** – the worker-owned cooperatives promote stability in communities and in the neighborhood, through creating an enabling environment for social cohesion and inclusive society, therefore, preventing the potential threat of violence, criminal activities and terrorism.
- e) **Africa with a strong cultural identity, common heritage, values and ethics** – the worker-owned and community-benefitting business is steered by proactiveness, social responsibility, and collaborative democracy, shared prosperity, and need for self-sustaining communities, therefore embracing the African heritage, unity and human values.
- f) **An Africa whose development is people driven, relying on the potential offered by people, especially its women and youth and caring for children** - through unlimited capacity of labor requirement and democratized ownership, the cooperatives allows for intentional and inclusive participation in the cooperatives, team work and social responsibility to constantly improve, innovate and scale up, consequently increasing the real GDP.
- g) **An Africa as a strong, united, resilient and influential global player and partner** - the business allows the community members to create work for themselves and create a capacity for more intakes of job-seekers, and partners through engagement into solving the immediate needs of the community by the products and/or services provided by the cooperatives.

### **Success Story:**

#### **Democracy Collaborative at the University of Maryland**

<http://community-wealth.org/index.html>

The mission of the Democracy Collaborative is to advance a new understanding of democracy and innovations in community development that enhance democratic life. Through their Community Wealth Building Initiative, the Collaborative sustains a wide range of projects involving research, training, policy development, and community-focused work.

## References

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