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Rethinking rural co-operatives in development: introduction to the policy arena

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Abstract

The global resurgence of co-operatives has given rise to debate about their role in development. What challenges do they offer to current models of social and economic organisation in the light of crisis? Can co-operatives go beyond their mixed history and create opportunities for new thinking, policy and practice? This Introduction examines some aspects of the history of the co-operative movement in development and identifies contemporary themes, particularly with respect to rural co-operatives. It outlines how the articles in the Policy Arena address some of the key questions in current policy debates.

Key words: rural co-operatives, co-operative history, co-operative policy, human development, governance, capabilities.

1. Introduction

The UN International Year of Co-operatives (IYC) in 2012 provided a valuable opportunity for rethinking co-operatives and their changing relationship to development policy and practice. For many years, co-operatives in the developing world have struggled with a legacy of government intervention from both the colonial and post-colonial period. This legacy has had an impact on their performance and limited their effectiveness. Many co-operatives functioned as para-statal and were frequently captured by local elites. Liberalisation and structural adjustment further weakened co-operatives that were previously dependent on the state. As a result, co-operatives have been 'off the radar' for development policy and research until relatively recently. They have frequently been dismissed as a 'failed' model of social and economic organisation for development.

Today, a different narrative is emerging for a number of reasons. In recent decades, there has been a renewed search for a different kind of development. In part, this search has come from critique of capitalist growth models of development, their impact on low income populations, on the environment, on social justice and their ethical basis (for example, Gibson-Graham, 2003; Korten, 1995/2001). More recently, since the financial crisis in Europe and North America, there is a resurgence of interest in alternative forms of social and economic organisation (for example, Castells et al., 2012; Lipietz, 2013; Stiglitz, 2009), which include co-operative models. Co-operative resilience in the wake of the global crisis has also helped to change perceptions (Birchall and Ketilson, 2009; ILO, 2010; Birchall, 2013). In turn, new co-operative models that are both values-based and market-oriented have emerged, for example, as part of the current resurgence of co-operatives in Africa, including new forms such as the integrated model for co-operatives in Uganda, which combines production, marketing, storage and finance (Kwapong and Korugyendo, 2010a; Kwapong, 2012)¹.

The potential of co-operatives to promote economic and social development for low income people has therefore returned to development agendas (DFID, 2010; UN, 2009). In particular, the increasing emphasis on the need for a sustainable agricultural sector is drawing attention to the potential of co-operatives as important rural institutions, which is the focus of this Policy Arena.

¹ The Uganda co-operative model is now being investigated by Canadian researchers with support from IDRC;
<http://archive.constantcontact.com/fs181/1102316589700/archive/1112907205831.html>

Co-operatives employ 100 million people globally and have over 1 billion individual members (ILO, 2010). In Africa, co-operatives remain one of the most common village institutions in many countries and their numbers are increasing (Pollet, 2009). Some countries, such as Uganda, have witnessed a twenty-fold increase in the number of co-operatives during the past decade, largely independently of government support. In BRIC countries (particularly Brazil, India and China), co-operatives play an important role in agriculture with co-operatives accounting for almost 40% of the Brazilian agricultural GDP².

Co-operatives in agriculture and related services have been attracting attention because of their potential role in providing market access for smallholders, food security provision, and also in relation to climate change challenges for rural areas (Herbel et al., 2013). As a result, there is growing demand for evidence on the nature of successful co-operative development, as well as on its shortcomings. Current literature includes the role of collective action in development; co-operatives as sites of learning, community participation and democratisation; co-operatives' potential to contribute to food security; their involvement in value chains, Fair Trade, and different types of innovation; and, relatedly, the possibility of increasing employment and income through new business opportunities and access to new markets.

There are a number of policy related questions that have become apparent as a result of this renewal of interest. They include:

1. How can co-operatives challenge the legacy of the past and create effective businesses with an internal governance that promotes equity as well as economic benefits that reduce poverty?
2. In particular, how can co-operatives promote the inclusion of women and youth, historically often excluded from participation?
3. What kind of enabling environment is needed to support the renewal of co-operative development?

The articles in this Policy Arena address these questions. They explore some key aspects for co-operative development and their policy implications in two contrasting regions: East Africa and Brazil. The terrain is primarily that of agricultural co-operatives, and the three articles focus on: co-operatives' potential in contributing to human development and well-being, with a particular focus on gender (Questions 1 and 2; Brazil); the role of co-operative governance in co-operatives' contribution to poverty reduction (Question 1; Kenya); and how youth have been enhancing their capabilities through their engagement in co-operatives (Question 2; Uganda and Lesotho). All three articles contain reflections in answer to Question 3.

This Introduction aims to provide the reader with a general orientation on the historical and contemporary issues in rural co-operative development in Africa and South America (where the studies reported on in the Policy Arena articles were carried out). It first provides a brief history of co-operatives in an international context and the challenges that have typically faced co-operatives, particularly in a rural setting. It then reviews some of the recent literature about rural co-operatives' contribution to development, cross-referencing to themes raised by the articles in the Policy Arena. Finally, it discusses some of the current policy challenges in relation to the questions posed above, and introduces the articles more fully.

2. A brief history of co-operatives in an international context

In-depth studies on co-operatives in developing countries and their histories are somewhat fragmented despite their important roles in both colonial and post colonial societies in Africa and South America (Birchall, 1997). In most countries in the developing world, co-operatives

² <http://www.fao.org/partnerships/fao-partnerships/producer-organizations-and-cooperatives/en/>

have had a presence for more than a hundred years. In the African context, in particular, limited access to archival materials, with much material still unprotected and in danger of degradation³, means that carrying out research using primary rather than secondary sources is challenging.

However there are some prior studies which have begun to unpack some of the richness and complexity of co-operative histories. For example, Rhodes (2012) has provided a valuable overview of the role that co-operatives played within the colonial development policies of the British Empire. Kelemen (2007) has also explored one aspect of this in a study of the UK post war labour government colonial development policies. Paakesen (2010) has discussed the joint Nordic Co-operative Assistance Project in Tanzania set up in the 1970s and its later collusion with the Ujamaa (forced villagization) rural development policy adopted by the Nyerere government in the 1970s. However, in general terms, although there are specific studies of the co-operative movement in developing countries, particularly in Africa (for example, Hyden, 1973; Münkner and Shah, 1993), co-operatives are largely absent from the literature of the history of development. A notable example is Hodge's (2007) seminal study of the rise of the scientific expert in agrarian development within British Colonialism, and, in spite of strong Swedish engagement with co-operatives, an overview of the Swedish and Norwegian provision of development aid does not reference any co-operative contribution (Engh, 2009).

Nonetheless, it is possible to identify some key phases within the history of co-operatives in Africa and South America. African co-operatives have remained strongly marked by their colonial legacies not only in terms of the legal and policy environment but also by the sectors in which they have been active. In the case of East Africa, until recently, the dominant type has been that of the agricultural marketing and inputs supply co-operative specialising in export crops such as coffee, tea, sisal and cotton (Develtere et al., 2008).

In South America, agricultural co-operatives arrived with European settler groups at the beginning of the twentieth century. They allowed such groups to recreate their own forms of organisation while remaining detached from local populations and governments. Examples include the agricultural co-operatives founded by the Mennonites in southern Brazil (Vasquez-Leon, 2010). In the post-war period, the co-operative model became more widespread often as a part of top down and large scale poverty alleviation programmes. Co-operatives were often co-opted by political parties. In socialist countries they became integrated into state dominated agricultural systems whilst, in other countries, many agricultural co-operatives became dominated by big landowners and large scale farmers.

In both Africa and South America, small-scale financial co-operatives, such as credit unions, developed later as relatively flexible and autonomous organisations largely separate from the state (Vasquez-Leon, 2010). They drew on donor support from the 1970s onwards and, by 2012, credit unions had a membership of 17.2 million in 17 South American countries⁴. In Africa, their growth started more recently but is now accelerating with over 16 million members in 23 countries⁵. A key feature has been the development of co-operative networks, which have enabled them to exploit economies of scale and more effectively manage risk and uncertainty (Cuevas and Fischer, 2006).

Those agricultural co-operatives closely associated with the state, whether in South America or Africa, inevitably suffered as a result of the withdrawal of state support and structural adjustment policies from the 1980s onwards with many failing or considerably reducing their activities. However, this has not been the end of the story as Develtere et al. (2008) reveal in the African case and, indeed, is illustrated by the studies in this volume. Progress is slow

³ See http://eap.bl.uk/database/all_projects.a4d for details of the project Preserving East African Co-operative Heritage funded under the British Library Endangered Archives Programme, which identified co-operative archival materials at risk in Tanzania.

⁴ Figures from World Council of Credit Unions at <http://www.woccu.org/about/intlcusystem?region=LA>

⁵ <http://www.woccu.org/about/intlcusystem?region=AF>

and uneven but co-operative membership and numbers of co-operatives have been growing during the last decade. In Africa, this has been characterised as a 'co-operative renaissance' (ibid).

Brazil provides a similar narrative of co-operative development during the past two decades with the emergence of co-operatives as an important feature of the solidarity economy. With support from local authorities and universities in some cases, as well as legal changes, a growing number of 'popular' co-operatives have been formed among marginalised and excluded populations in both urban and rural areas (Fonteneau et al. 2011). An example is reflected in a new solid waste law passed in 2010, which mandates local authorities to offer waste picker co-operatives opportunities to bid for the management of urban solid waste⁶.

At a broader level, a dominant theme in the discussion of co-operative history is that of the impact of differing colonial legacies which is still evident today in current legal environment for co-operatives, particularly in the African context. A study of contemporary co-operatives in Africa published by the ILO (Develtere et al., 2008) argues that the British, Belgian and French colonial regimes left behind distinct legal frameworks, which are still apparent today. The British model has been characterised as a 'unified model', for example, with one law for all types of co-operatives, a separate co-operatives ministry and a single national apex body. The eventual aim was to encourage the development of self-reliant and economically viable co-operatives. This is the case for three of the countries discussed in the articles in this Policy Arena, Uganda, Lesotho and Kenya. By contrast, the French 'sociétés indigènes de prévoyance' were centrally organised, of a semi-public status and required compulsory membership (Schwettmann, 1997). The common feature of both these models was that of a central role played by the colonial government.

Another strong theme in earlier co-operative literature on Africa concerns the relationship between indigenous and imported co-operative models (Hedlund, 1988; Rondot and Collion, 2001). During the 1970s, findings from several large scale research programmes on co-operatives contended that co-operatives should not be regarded as agents of social and economic change (UNRISD, 1975; Birchall, 1993). Co-operatives were inefficient, too small, lacked capacity and were prone to elite capture. These limitations undoubtedly existed, and still do, for many co-operatives. According to Münkner (2012: 56), donor perception of co-operatives changed from 'overconfidence' in their capacity to one of a deep rooted scepticism.

In spite of these limitations, many donors utilised co-operatives as a vehicle to deliver externally funded programmes for poverty alleviation. This often sat comfortably alongside the continuation of the government led and controlled co-operative sector. A seminal World Bank study of 1993 noted the existence of inappropriate policy frameworks and the detrimental effect of too much government intervention (Hussi et al. 1993). At the same time, there were also an increasing number of voices from within the movement calling for more market orientation and less government intervention for co-operatives (Münkner, 1992). This shift was marked by the International Co-operative Alliance at their 1995 conference in Manchester, when a Statement on the Co-operative Identity was adopted which firmly situated co-operatives as member-owned, democratically run and autonomous enterprises (MacPherson, 1995). At the same time, the liberalisation policies of the 1980s and 1990s began to remove government support and subsidy from co-operatives in many countries even if this was not immediately reflected in a change in the policy and legal environment. This is beginning to change with ongoing reform and liberalisation of legal and policy now gathering pace which in large part draws on ILO Recommendation 193 in 2002, which sets the international framework for co-operative policy for all, not just developing, countries. It incorporates the 1995 Co-operative Identity Statement and the Co-operative Values and Principles. (Henry, 2012: iii; Birchall, 1994).

⁶ <http://wiego.org/informal-economy/laws-policies-beneficial-waste-pickers>

In this section, we have aimed to outline some of the key dimensions of co-operative history which have led to the contemporary developments reported in this issue. In particular, there is an absence of country focused studies of co-operatives in the developing world (in contrast to the many studies of European and North American co-operative history) and a clear need for a more nuanced understanding of what has shaped co-operative development – a situation not helped by the absence of much archival material on co-operatives in Africa⁷. This brief review underlines the need for more studies from historians on co-operatives in developing countries as well as by development specialists. Combined, such studies can provide a more nuanced understanding of what has shaped co-operative development and the current directions that national co-operative movements are taking in the global South, to which we now turn.

3. Rural co-operatives and development

This section examines current debates about the co-operative sector from a development perspective, making links as appropriate to the articles in the Policy Arena. Current development interest in co-operatives is related to a wider debate about producer organisations and collective action in bringing together otherwise atomised smallholders as a force for change (for example, Agarwal, 2010; Berdegue, 2001; Bernard et al., 2008; Salifu et al., 2010; Thorp et al., 2005). There is also literature that analyses the different challenges that face collective organisation and, more specifically, co-operatives. An example is the World Development Report on Agriculture for Development (2008) which notes such challenges to producer organisations as the contrasting goals of efficiency and equity, the heterogeneity of memberships and their interests, the challenges of changing markets and marketing, and of having to deal with potentially fluctuating policy environments. Overall, this literature presents a mixed picture.

With respect to production and marketing, different arguments are made. On one hand, it is suggested that co-operatives are able to reduce transaction costs (Bernard et al., 2010) and have greater capacity to cope with market volatility (Wanyama et al., 2008a). On the other, it is claimed that co-operatives face challenges of producing and selling in markets that already function badly (Penrose-Buckley, 2007), and that, with the impact of the recent crisis, co-operatives have been scaling down loans to members producing export products (Allen and Maghimbi, 2009). By contrast, it is also argued that co-operatives are most likely to do well in high value markets (Fraser, 2009). Vargas Hill et al.'s (2008) study in Uganda also notes that rural marketing co-operatives tend to survive in less remote communities and where there is also considerable agricultural potential.

The literature also comments on the leadership, management and membership of co-operatives. For example, it is suggested that there are contradictions between heterogeneity/homogeneity of membership and equity/efficiency of the co-operative (Francesconi and Wouterse, 2011). Francesconi and Wouterse argue that co-operatives are likely to do better if homogeneity is combined with equity, and heterogeneity with efficiency. Such issues also concern collective action and innovation, where homogeneity is seen as conducive to collective action, but heterogeneity of people, interests, ideas and capabilities is needed for innovation. On the other hand, Kwapong and Korugyendo (2010b) argue that inclusion, strong membership, leadership and management have enabled co-operatives to survive in difficult circumstances, although such characteristics also need to be coupled with innovative behaviours in relation to new markets. Good leadership and strong membership are not sufficient conditions alone for a successful co-operative.

The article by Hannan in this issue makes a contribution to this debate, in particular to the role that governance and good management plays in co-operatives and how this role maps

⁷ A review of co-operative records in Tanzania indicated revealed many records still being held at local level by individual societies <http://www.thenews.coop/node/4653>

on to the effectiveness of co-operatives in reducing poverty - not only of members but, through their wider activities, of the community. Her research into two Kenyan agricultural marketing co-operatives suggests that governance and leadership play an important role in accessing outside support, particularly that of training.

There has been considerable interest recently in co-operatives' potential to reduce poverty (Birchall and Simmons, 2008; Develtere et al., 2008; UN, 2009; DFID, 2010; Vicari, 2008 and her article in this issue; Wanyama et al, 2008b). In researching the extent to which co-operatives reduce poverty in Tanzania and Sri Lanka, Birchall and Simmons (2008) found that the majority of those surveyed in both countries reported increases in income for co-operative members. The advantages of being a member of a co-operative included access to credit and training, membership solidarity, trust and collaboration, and access to markets. However, as indicated by Hannan in this Policy Arena, whether and how co-operatives access wider networks and how they use them is an important dimension of leadership and governance. By contrast, Vicari (also in this Policy Arena) shows that, in the case of the co-operative she studied in Brazil, members were able to challenge the grip of landowners and traders over the production and processing of farm products and to generate multiple benefits. Equally, Hartley (this Policy Arena) has also shown that enhancement of capabilities and agency in youth co-operatives has influenced the livelihood prospects of members.

Co-operative networks, access to markets and market linkages have indeed been a focus of recent literature. How they might best be analysed and understood was a question raised by Simmons and Birchall (2008). First, co-operative networks, between primary co-operatives, co-operative unions and national federations (as well as wider links to regional bodies and the International Co-operative Alliance) have the potential to provide access to resources, training and markets. Of particular interest is how these networks have been developing in more recent times. In Uganda, for example, new Area Co-operative Enterprises that bring together credit, production, storage and marketing are being established (Msemakweli, 2010,nd: Borda-Rodriguez and Vicari, 2013). Second, co-operatives can have a demonstrable advantage in establishing linkages for producers through joint marketing and in seeking new markets and in negotiating prices in national and international markets. A number of schemes for smallholders are in operation (Proctor, 2007; Ton, 2010; Vorley and Proctor, 2008), some of which involve co-operatives. However there are also many challenges, for example, in the provision of working capital for producers, regulating supply, quality insurance, and the problem of side-selling by individual producers to other buyers (Ton, 2010). Even so, Hartley in this Policy Arena has shown how co-operative networks can bring additional benefits to the economic aspects: in her study of youth engagement in co-operatives, being part of wider networks is one of the dimensions that enables the co-operatives to develop, bringing access to training for the youth members. This dimension is also highlighted by Hannan's study (reported in this Policy Arena) of the role of co-operative governance in poverty reduction: in one of the co-operatives studied, the nature of the co-operative's governance promotes access to networks which benefit both the co-operative and the wider community.

These economic dimensions of networks also permeate debates about Fairtrade, where co-operatives – coffee, tea and cocoa co-operatives are examples - enter contractual arrangements with particular buyers, involving labour, product and processing standards. The advantages and disadvantages of Fairtrade and standards have been discussed by, for example, Humphrey (2008, 2009), suggesting that standards can act as forms of control and costs may outweigh benefits; engagement in Fairtrade and certification may also benefit larger and more literate farmers and is therefore not a guarantee of poverty reduction. These issues thus converge with literature on the governance of value chains (Kaplinsky and Morris, 2001) and raise the question whether engagement of co-operatives in global value chains may or may not lead to innovation in products, processes or markets, and to benefits for producers.

An example of contrary evidence from the coffee sector in Rwanda has been provided by Murekezi et al. (2012) who argue that producers selling to marketing co-operatives are no better off than those selling to private buyers. However the co-operative studied was not member controlled and had weak governance, which resonates in turn with one of the co-operatives in Hannan's research reported here. A recent review of literature on gains from Fairtrade by Nelson and Pound (2009) has suggested that, in general terms, for organised producers, certification can provide multiple benefits – not simply income-related but also enabling access to credit, organisational capacity-building and wider community benefits. In particular, co-operatives have shown greater resilience, particularly when they have more control over the value chain. Vicari in this Policy Arena shows, by contrast to Murekezi et al., how co-operative organisation in Brazil has benefited *babaçu*⁸ producers financially compared to those who are not in co-operatives, enhancing incomes and promoting well-being of members. The Fairtrade link also enabled co-operative members to add value to their products through changes in technology and packaging. The co-operative in the case of this study was strongly informed by solidarity in the face of exploitation, and Vicari shows how multiple capabilities were enhanced for co-operative members, including an enhanced position for women.

There are other positive accounts of the benefits of agricultural co-operatives for women (Birchall and Simmons, 2008; Ferguson and Kepe, 2012). For example, Ferguson and Kepe (2012) argue that co-operatives have supported women's empowerment in Uganda, boosting women's confidence, negotiating and decision-making skills. Nevertheless, in spite of this and other positive accounts, gender continues to be an area of contention. Barriers to women's inclusion are multi-dimensional. First is the frequent requirement for co-operative members to own land, which often excludes women. This is confirmed by a recent ILO study (Majurin, 2012) on the participation of women in co-operatives in East Africa, where barriers, because of lack of access to land, are compounded by lower educational levels for women than for men. Second, even when entry for girls and women is less restrictive, women do not necessarily hold leadership positions or benefit in the same way from opportunities provided by co-operative networks as men (Majurin, 2012; see also Shaw and Rawlings, 2012).

Thus, in spite of their values and principles, co-operatives inevitably reflect, and challenge, the wider social structures of which they are a part. Similar issues to becoming members of co-operatives are also faced by youth, the subject of Hartley's (2012) research. In the African context in particular, the youth population is substantial and faces a precarious future. Policy initiatives on the part of support organisations and governments have promoted youth engagement with co-operatives, both within existing co-operatives as well as in establishing youth-only co-operatives. Both the FAO (2012) and the ILO (2012) affirm co-operatives' potential in encouraging youth innovation and entrepreneurship. Hartley's article in this Policy Arena demonstrates how youth engagement in co-operatives enables them to learn and shape what they do as co-operative members in multiple ways. However, Hartley warns that youth co-operatives face sustainability issues if there is not consistent and ongoing input and support from co-operative movements.

The contemporary development literature therefore points to a number of challenges for the future of co-operatives and for co-operative policy: issues around production and markets (and the possibilities opened up by Fairtrade); the potential that co-operatives have for expanding the networks of rural producers (in which Fairtrade can also play a role) and in reducing poverty; the need for governance based on co-operative values and principles, and a membership that includes women and youth as well as enabling gender and youth equity in leadership and decision-making. Behind these challenges lies the need for an enabling environment promoted both by co-operative movements and support agencies, and by governments.

⁸ Babaçu is a palm with an oil-producing nut.

These are also challenges for the current and future resilience of co-operatives. A recent review paper by Borda-Rodriguez and Vicari (2013) on rural co-operative resilience proposes a five-point framework and agenda for further research. First is the role of co-operative membership in resilience: the importance of membership buy-in to co-operative values and principles, co-operative identity and loyalty, the inclusion of women and youth, and the promotion of self-help. Second is the importance of co-operative networks, particularly the role of apex bodies and unions in building capacity and providing training, connections to agencies supporting co-operative development and the need for extra-community linkages. Third, and linked to the issue of co-operative networks, is the need for skills within co-operatives: management and business skills, and the ability to adapt co-operatives to changing contexts. The latter leads, fourth, to the ability of co-operatives to innovate, adapt and respond to new markets, and engage in and negotiate their role in value chains. Finally, there is the role of government and co-operative support agencies in creating an enabling legislative and financial (credit) environment without interfering in co-operative autonomy.

4. The policy landscape

The five-point framework outlined above suggests a substantial policy agenda that aims to take on board the potential and the challenges of rural co-operatives' role in development, indeed, to rethink their role, as suggested by the title of this Policy Arena. This is underlined by the recent re-emphasis on the role of co-operatives as important development actors by agencies such as the FAO⁹, the World Bank¹⁰ and ones with a distinct role and mandate by the European Commission¹¹. Change to the legal and policy environment for co-operatives also continues apace with 70 countries reforming their national legislation in line with ILO Recommendation 193 according to the Chief of the Co-operatives Branch of the ILO¹².

Following on from the IYC year, the co-operative movement has developed a 'Blueprint for a Co-operative Decade' with a global remit¹³. The proposals argue the case strongly for better enabling environments for co-operatives and for the movement to work more closely with international policy setting bodies such as the G8 or G20 and with global development institutions such as the World Bank. Already, co-operatives have been specifically mentioned as in the Rio + 20 Declaration as a key target for support¹⁴. A detailed policy agenda to underpin such interventions in the policy arena have, however, still to be worked out in more detail¹⁵.

The three articles of different contexts and cases in this Policy Arena provide data in support of many of the points made above. They also provide pointers towards a different era for co-operatives in which new forms of collective action, co-operative governance and the participation of marginalised sectors of the population such as unemployed youth suggest that platforms for change can indeed be created, given the right inputs and support.

The article by Vicari provides an analysis of how a co-operative can contribute to human development through its combined participatory and business orientation (Question 1). Her research into a co-operative in Brazil combines quantitative and qualitative data to examine how the co-operative reduces poverty, with particular gender effects (Question 2). The multi-dimensional analysis demonstrates how the co-operative has been able to convert the opportunities gained through its organisation into entrepreneurial, anti-poverty effects, which,

⁹ <http://www.fao.org/partnerships/fao-partnerships/producer-organizations-and-cooperatives/en/>

¹⁰ <http://reliess.org/world-bank-promotes-the-cooperative-alternative/?lang=en>

¹¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0492:FIN:EN:PDF>

¹² www.news.coop/article/simel-esim-speaks-ilo%E2%80%99s-co-operative-branch-key-projects

¹³ <http://ica.coop/en/blueprint>

¹⁴ <http://ica.coop/en/media/thenews/rio-declaration-acknowledges-co-operatives>

¹⁵ http://ica.coop/sites/default/files/media_items/ICA%20Blueprint%20-%20Final%20-%20Feb%202013%20EN.pdf

nevertheless, depend on building networks with many international associations, non-governmental organisations and trade unions. This article thus underlines the need for a broad-based and supportive policy environment (Question 3), particularly to promote participation and access to basic capabilities such as health and education, to enable members of co-operatives to have an influential voice as well as avenues for building business activities.

The article by Hannan, by contrast, shows that co-operatives can grind to a halt if some of the core elements are not in place. In particular, she focuses on the dimension of good co-operative governance (Question 1), comparing two rural co-operatives in Kenya. Her field data demonstrate that active and participatory governance engages both co-operative members as well as the village and generates demand for services and training from the wider movement. This process leads in turn to a virtuous circle of activity resulting in anti-poverty effects for members and non-members alike, while her contrasting case of a less well governed co-operative demonstrates contrary effects. Identifying access to training opportunities as an underlying contributor to successful business activity has immediate policy implications for both the co-operative movement and supporting organisations.

Finally, the article by Hartley explores how youth engagement in co-operatives (Question 2) can enhance youth capabilities and networks to build viable co-operatives with wider community impacts. Her fieldwork in five co-operatives in Uganda and Lesotho, using methods that enable youth to participate directly in the research, demonstrates how co-operatives provide a site of trust-building and learning for youth, which in turn enables them to build up their co-operative based on ICA values and principles, expand networks and develop constructive links in the wider community. However, there are challenges in policy terms as the project of youth-only co-operatives is not fully supported by the movement. Hartley's argument is, by contrast, that policies in the movement and government should invest in youth-based co-operatives as an opportunity to promote youth livelihoods and capabilities, particularly in a context of high unemployment, but also where youth futures and the future of co-operatives are strongly connected (Question 3).

These articles underline that challenges for policy remain, particularly:

- How to create a better understanding of the co-operative model and the importance of co-operative governance (Hannan, this Policy Arena), and to avoid co-option by donors and governments (Münkner, 2012; Develtere et al., 2008).
- How to address gender and youth inequalities in the co-operative movement, which inevitably reflect inequalities in wider society (Majurin, 2012; Shaw and Rawlings, 2012; Vicari, this issue; Hartley, this Policy Arena).
- How to secure and enable access to more and better finance and investment in co-operatives and in member production and marketing (DFID, 2010) and support co-operatives in accessing wider networks that can support and promote their development (all three contributors to this Policy Arena).

These challenges and others are included in the 16 policy recommendations outlined in the DFID (2010) Briefing Note on 'Working with Co-operatives for Poverty Reduction' to which Linda Shaw contributed. Above all is Recommendation 16: 'Let co-operatives be co-operatives', in tune with the first bullet above. However the co-operative model and governance is not something that just happens. As outlined by Ton (2010), collective action has its own challenges and tensions and requires careful leadership and management.

However these policy points, and the literature reviewed in this Introduction, also underline the need for more research, particularly the need to generate large-scale data sets (Borzaga and Galera, 2012; UNDESA, 2011). Much of the research to date is fragmented and tends to focus on context-specific case studies. The huge variation of context and experience can make it problematic to transfer learning or generalise about trends in how co-operatives can contribute to development, particularly given the size of the movement and its membership.

Yet there is indeed a considerable history of experience of collective action and co-operative organisation which it would now be useful to draw on in the face of current economic, social and environmental crises facing low income people globally.

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