EXPLORING THE PROBLEMS OF MANAGEMENT OF AGRICULTURAL COOPERATIVES (ACs) CONSTRAINING SUSTAINABLE DEVELOPMENT IN LESOTHO

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ABSTRACT

Problems experienced by cooperative management in the whole world are almost the same. These problems result in incompetent and poor service delivery (Chaddad and Cook, 2000, p.395). Even cooperatives which are doing well are still facing many problems. “These problems include, among others poor management, lack of capital resources, inadequate training, lack of communication and participation among members, unclear and inadequate government policies on the development of agricultural cooperatives and weak linkages among the activities of the production, credit and marketing cooperatives (Prakash, 2003, p.2)”.

Through an analytic review of both interviews’ findings on ACs’ members and desk study, this paper aims at identifying the problems of cooperative management in Lesotho. The paper also identifies suitable strategies that could afford cooperative farmers with the effective and efficient management and marketing skills. The study believes that ACs can enhance the economic development of small-scale farmers provided that management problems are identified and thoroughly dealt with from their root causes, particularly through effective and efficient management strategies and proper agricultural marketing approaches.

The question addressed in here is what are the ACs’ management challenges constraining livelihoods sustainable development for Lesotho’s smallholders?

Key words: Sustainable development, Agricultural cooperatives (ACs), Management, Marketing, Livelihoods

Introduction

This paper aims at exploring the problems of cooperative management in Lesotho constraining sustainable livelihoods development. It also explores suitable strategies that could afford cooperative farmers with the effective and efficient management and marketing skills to effect such sustainable development. The question under study in here is what are the ACs’ management challenges constraining livelihoods sustainable development for Lesotho’s smallholders?
Study’s Organization: The study firstly gives us a methodology and concisely defines what a cooperative is, sustainable development, livelihoods and management. Secondly, it illuminates what the duties of Coop management committee involve as well as coop management problems constraining development sustainability in livelihoods through ACs employment and marketing opportunities creation. After identifying such constraints against sustainability, the paper, thirdly, covers cooperative management problems in the context of Lesotho casing management style aspects and challenges as well as issues in the effectiveness and efficiency of ACs in marketing1 of products and strategic needed management activities for the Coops, Government, Private sector and Non-Governmental Organizations (NGOs) for effecting sustainability.

Study’s Methodology: The inconspicuous impact of Agricultural Cooperatives (ACs) in the sustainable development of smallholders’ livelihoods prompted this analytic desk study complemented by interviews’ findings on ACs members from Maseru and Berea districts from the following cooperatives: Khauta ea Basali (‘Women’s Gold’) Cooperative from Semphetenyane location in Maseru urban, Berea Poultry Cooperative in Berea urban, Thari ea Ts’epe (‘Springbok’s-skin-baby-carrier’) Cooperative from Tsoapo le Bolila village in Maseru peri-urban, Basali Mmoho (‘United women’) from Ha Bale community in Berea peri-urban and Simione Wool and Mohair Growers Association in Maseru rural, Makhaleng, and Itjare Sehoai (‘Be a self-reliant farmer’) Cooperative in Berea district rural area. The study has thus strategically covered and represented the urban, peri-urban and rural areas of Lesotho in the subject of ACs and sustainable development.

The sample of the study is thus represented by 6 ACs in the urban, peri-urban and rural areas of Maseru and Berea. The total number of the selected respondents was 50. This number is divided according to the 3 areas of Lesotho namely the urban, peri-urban and the rural areas. The urban area was represented by 17 respondents, peri-urban areas by 16 respondents while the rural area was represented by 17. The selected respondents within each area were also divided according to the district of Maseru and Berea. The Maseru urban area was represented by nine respondents and Berea urban area by eight respondents. The Maseru peri-urban area was represented by eight and the Berea peri-urban by eight. The Maseru rural was represented by nine respondents and the Berea rural had eight respondents. The study also covered five government officials. The 50 respondents and five officials were selected on the basis of purposeful and expert sampling.

Conceptualization of a Cooperative, Sustainable Development, Livelihoods and Management

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social, cultural needs and aspirations through a jointly owned and democratically controlled enterprise (ICA, 2010,p.4)”. It is “a special type of business corporation serving those who are at the same time both owners and users of its services (Knapp, 1962,p.476)”.” Sustainable development derives from people's capacity to make a living by surviving shocks, stress and improve their material condition without jeopardizing the livelihood options of other people, either

1Marketing is the process of determining the needs and wants of consumers and being able to deliver products that satisfy those needs and wants (Gregory and William, 2007:1).
now or in the future (Chambers and Conway, 1992, p.10)”. Livelihoods encompass capabilities and assets including material and social resources as well as activities required for a means of living (UNDP, 2008, p.7). According to Hambrick and Mason (1984, p.193-206) management refers to the process of planning, organizing, leading and controlling the efforts of organisation members and of using all other organizational resources to achieve stated organizational goals. On the other hand, Veerakumaran (2006, p.114), sees “management as the driving force in cooperative endeavours that assist in achieving compromises among participants, taking into account both the interests and the needs of the members, which are often short-term interests as well as the long-term commercial goals (sustainability and reducing risks) of the cooperative enterprise”. An AC is an organisation that needs management like other entities. On its own it is a private business organisation that is jointly owned and controlled by its members (IRG, 2005, p.10). For the smooth operation, it needs good management to control its daily activities through the management committee.

In a cooperative, a management committee involves a process of reaching consensus and then following through with the group’s decision. Management is therefore, crucial in the implementation of policies and activities which continuously enhance the operations of the cooperatives. Cooperatives being a democratic organization are likely to experience management problems which can lead to organizational failure when the cooperative fails to adopt the most efficient policies for their members. Fulton (2001, p.89) claims that management problems occur when cooperatives fail to elect an efficient management committee.

The management committee is the highest elected executive institution in a cooperative enterprise. It approves all the activities that need to be carried out by the cooperatives. Committee members are not paid for their services and the time they devote to meetings is limited. Every member of the cooperative may present matters (personal problems, cooperative problems or public affairs) for discussion, but only a limited number of subjects can be considered in the twice weekly meetings of the management committee.

Management Committees’ Duties in ACs and Coops’ Management Problems Against Sustainability

Management committee is the high authority responsible in administering day to day activities of the cooperative. It is important for a cooperative to elect the management committee that will be liable in carrying out various activities for an efficient operation. The committee is often tasked with the following duties:

a. Approval and assignment of contracts
b. Engagement and dismissal of workers
c. Consideration of social problems
d. Decisions on matters of cooperative policy
e. Investment in other cooperatives
f. Planning future activities of the enterprise
g. Coordinating committees work (Fulton, 2001, p.89).
According to FAO (1995, p.3) Indian cooperatives management is involved in processing and marketing. Management plays a useful role by informing the members of changes in the market and in enabling them to meet the changing demand. The economy grew in Chennai (Madras), India, in a situation like this one, in recent years where the demand for high-value dairy products like ice cream, increased considerably. The dairy cooperative produced these products with clean milk that is free of bacteria (FAO 1995, p.3). Cooperative management taught its members in the villages around Chennai how to produce and store clean milk. This was quite profitable, both for the producers and for the cooperative (Veerakumaran, 2006, p.6). Cooperative management that shows good leadership should always inform cooperative members about issues that affect them. Even though cooperatives in African countries are doing well, the problems of management remain the same.

For Malaysia cooperatives face serious problems of internal weakness arising from management inefficiencies and members' apathy. Although cooperatives in Tanzania have long played a vital role in rural and urban economic and social development of the country, more recently the image has become a negative one. As for the Tanzanians, cooperatives are seen as stuck in the past, unable to cope with modern economic realities. Far from being models of member self-empowerment, their image is tarnished by poor administration and leadership, poor business practices and corruption.

Cooperatives all over the world have common problems which can be categorized into organizational, administrative, financial, social and political. The problem of cooperative management has many aspects, including conflicts between management and board members. These conflicts have rendered some management ineffective and ruined the union of administration. The department of Trade and Industry (DTI) (2012, p.12) in Tanzania identifies problems of cooperative management as follows:

1. **Poor management and technical skills:** Many co-operatives are initiated by unemployed people, often with low skill level, no prior business experience in economically marginal areas. Certain cooperatives such as agricultural, housing and productive co-operatives require specialist technical knowledge, which is not always available within the cooperative. A lack of both management and technical skills by individual members undermines the chances of success and contributes to tensions in the cooperative.

2. **Limited trust and social cohesion:** Due to the unique nature of collective interest and participation by both management and members, co-operatives rely on high levels of trust between members. The absence of the shared vision, approach, financial trust and strong social ties contributes to the demise of cooperatives.

3. **Democratic decision-making skills within the cooperatives remain low:** Democracy requires skills in decision-making processes. Democracy is often accompanied by lack of clarity or consensus on the scope of decision-making authority. Consequently, this has been an area of high contestation and tension within cooperatives. Always management committee needs to update cooperative members about issues that affect them in order to ensure trust within members.
Even though, cooperatives face many challenging problems in maintaining sustainable development of livelihoods, they are still regarded as means to sustain livelihoods in agriculture and to reduce poverty. Sustainability in this context denotes that cooperatives need to create employment and market opportunities for their members. They are deemed to play a vital role in enhancing living standards of members at household, community and national levels. As a result, a good cooperative management has to ensure that cooperative activities are carried out effectively and efficiently through good utilization of resources. For an effective operation of cooperatives, governments found the need to address issues that affect cooperatives through policy formulation.

The Problems of Cooperative Management in Lesotho

Cooperatives are democratic organizations and are likely to experience management problems that may lead to organizational failure. Cooperatives fail to adopt the most efficient policies for their members. It has already been stated that, management problems occur when cooperatives fail to elect an efficient management committee (Fulton, 2001,p.89). They encounter various managerial problems that include poor financial management, poor credit control (that leads to unpredictable cash flow) and lack of marketing (resulting in unresponsive attitudes to customer requirements), management and members’ weaknesses, failure to delegate and train cooperative members and resistance to outside advice. A problem of corruption in Lesotho’s ACs management has also been reported. Some of the cooperative management problems reported besides corruption included illiteracy and lack of management skills for the members and their committees (ACs Members’ Interviews, December to January, 2012-13).

Reportedly, management style of cooperatives in Lesotho still relies on the inclusion of cooperative members in decision making. This is one principle of cooperatives reflecting that cooperatives are democratic organizations controlled by their members who are requested to take an active part in making decisions for their cooperatives (MTICM, 1999,p.8). Management plays a useful role by informing the members of the decisions made as well as the changes in the market to enable them to meet the changing demand (FAO, 1995, p.3). The management committee needs to inform members about everything that affects them. The other principle stresses the fact that all members need to have equal voice and rights. Reportedly, ACs’ members can also question their supervisory teams and scrutinize the activities and performance of their committees but this is not enforced by regulatory reporting requirements stipulated in the cooperative policy of Lesotho on the part of management teams. Some members in ACs view this as disempowering them (ACs Members’ Interviews, December to January, 2012-13).

Rotation of the management team varies from cooperative to cooperative. It is also situational. Some cooperatives change their management after one year while others do so after three years. In some instances, some of the members from the management team are never replaced due to their positive qualities. Members do not like to replace members who have proved themselves very strong in the administration of the cooperatives. When such members are replaced, performance drops. Some of the cooperatives that have experienced such a situation have never recovered. Normally, members of
the management committee have to vacate their offices after serving their term to give other members an opportunity. Members are elected according to their capabilities and potentials. Reportedly, some of the management teams are not regularly replaced. This has in certain cases resulted in corruption and mismanagement of funds and the collapse of the ACs (ACs Members’ Interviews, December to January, 2012-13).

All cooperative members need to be elected and accept leadership positions at one point or another. Low self-esteem and confidence deny people that opportunity. Educational background is one of the contributing factors hindering development of cooperatives in the sustainable development of livelihoods; members are reluctant to accept leadership positions. Most of the cooperative members have not gone beyond secondary education although they are willing to take leadership positions. Handling leadership responsibilities was a major problem for some of them. Their willingness as members to be elected as leaders in cooperatives has been very low. This implies that, cooperative members are not well empowered and ready to lead their coops and face the challenges (ACs Members’ Interviews, December to January, 2012-13).

The decision making process in Lesotho’s ACs: Cooperatives bring people together to share their ideas, skills and resources. That is people come together as a team to help themselves. This creates self-reliance through a collective action. Cooperatives are democratically controlled by members. They all have equal opportunity in decision making. Reportedly, it is the responsibility of the management committee to update cooperative members about issues that affect them and to include them in decisions making. The respondents agreed that in their cooperatives, decisions are made by the majority vote. This type of decision making is only criticized in that a majority vote could dominate one good idea presented by the minority (ACs Members’ Interviews, December to January, 2012-13).

The effectiveness of the decision making in Lesotho’s ACs: Decision making is an important aspect in developmental activities. It can be reached through consensus or majority vote. For example, in all interviewed cooperatives decisions are made but not implemented. One of the reasons is lack of resources to carry out the activities. Chances that reached decisions will be implemented are thus limited (ACs Members’ Interviews, December to January, 2012-13).

Conflict management: Conflict management is the ability to solve the differences or misunderstandings between two or more people. It is a skill that the management committee needs to have in order to solve conflicts in the cooperatives. Some ACs, reportedly, are not able to resolve their internal conflicts. This perpetuates members’ non-participation and dormance/collapse of ACs and thus their failure in effecting livelihoods sustainability (ACs Members’ Interviews, December to January, 2012-13).

Discipline: This is a behavioural change from an unacceptable to an acceptable way. Some of the respondents (52 percent) are of the opinion that their cooperative management maintains discipline in its ranks and among the members regardless of their age, gender and status and positions that they hold in the cooperative. Some members, however, complained of some lack of transparency.
Furthermore, some management committees are unable to confront members of the cooperative at fault because they also make corrupt practices. This has resulted in a laissez faire type of management in some ACs. Cooperatives that are operating according to expected standards maintain discipline so that they may be respected by their community members who are not members of the cooperative. In this way they attract more of non-members to join the cooperative (ACs Members’ Interviews, December and January, 2012 – 2013).

**Effectiveness of disciplinary committees:** All the cooperatives that the researcher studied did not have a disciplinary committee. However, any member is expected to be a member of such a temporarily set up (ad hoc) committee if requested to be part of the hearing team. Respondents also reported that there are few cases requiring a hearing, anyway (ACs Members’ Interviews, December and January, 2012 – 2013).

**Communications:** This has to be a two way process. Smith (2003, p.36) defines it as the process of information exchange that creates awareness, education, exchange of views, encouraging responsible behaviours and promotion of informed decision making. There has to be sufficient communication between management and cooperative members. Reportedly, all members are kept informed about their cooperative’s activities (ACs Members’ Interviews, December and January, 2012 – 2013).

**Transparency:** Respondents explained that, general meetings are held twelve times a year. That is they are held once every month to allow active participation by members. Some ACs’ members (Basali Mmohoh) stated that general meetings are held once every week, that is 48 times a year in response to reporting requirements by the donors (American Embassy) to the coop (ACs Members’ Interviews, December and January, 2012 – 2013).

**Sharing of the minutes:** These are the written points recorded by the secretary during the process of the AC meeting. The secretary has to have a file or book where all minutes are written down for future retrieval. Every member must have a copy of the minutes. However, due to financial constraints it is not possible that all members can have the printed copies of the minutes. So, at the beginning of the meetings the secretary reads out the minutes of the previous meeting to the members. This is the only way that all members can have access to the minutes. Members then have a chance to comment on the minutes before they proceed to the next item on the agenda. Respondents reported that coop’s minutes are read in every meeting. This confirmed some level of a transparent way in sharing minutes in cooperatives (ACs Members’ Interviews, December and January, 2012 – 2013).

**Governance, having a constitution for the cooperative:** The constitution allows for the adoption of bylaws designed to protect and enhance the socio-economic environment of the cooperatives for the benefit of both present and future generations (ICA, 2010, p.4). All the cooperatives have constitutions. A cooperative constitution serves as a guiding principle set by the cooperative members. It ensures that cooperatives sustain development of livelihoods. The cooperative constitution is bylaws designed to protect the cooperative from being exploited by members. That is, it prevents the members from exploiting cooperatives’ resources irresponsibly. The constitution is
expected to curb mismanagement practices though cases of such and corruption have been reported (ACs Members’ Interviews, December and January, 2012 – 2013).

Access to the cooperative constitution: Under normal circumstances, all cooperative members must have a copy of their cooperative constitution. The majority (78 percent) mentioned that their cooperative members have access to their cooperative constitution. Those that have copies of a constitution photocopied it and made copies for themselves from the book of the secretary. Those that do not have a constitution reported that whenever there is anything that needs to be referred to in the constitution the secretary reads it aloud to the members for proper decision making (ACs Members’ Interviews, December and January, 2012 – 2013).

Understanding the cooperative constitution: It is the responsibility of all cooperative members (not only the management committee) to ensure that everybody understands the constitution. A large number of the respondents (48 percent) showed that all members were included during the formulation of their coop’s constitution. Those that were absent when it was formulated were given copies and it was explained to new members. Cooperative members and their management committees worked together to write the constitution in Sesotho (local national language) so that it is understood by all the members. All cooperative members work together to ensure that the constitution exists and is written in a language understood by all the members (ACs Members’ Interviews, December and January, 2012 – 2013).

ACs all over the world experience problems. These problems include, among others poor management, lack of capital resources, inadequate training, lack of communication and participation among members, unclear and inadequate government policies on the development of ACs and weak linkages among the activities such as production, credit and marketing (Prakash, 2003, p.2). Some of the possible constraints that hinder an effective performance of cooperative development include lack of adequate financing for cooperatives due to low asset base, low educational level of members and illiteracy rate that inhibits adoption of new technologies and the inability of cooperatives to solve problems, such as lack of inputs and marketing of the farmers’ produce from cooperatives’ low asset base and limited resources. Furthermore, cooperative members do not attend meetings owing to their negative attitude towards the cooperative development, policies and laws as well as programmes that promote emergence of proper leadership and skilled management.

Findings also revealed that ACs’ members experienced a problem of lack of trust among themselves and theft by the community. The other respondents stated the major set backs of their coops as lack of market opportunities and training. As indicated by Prakash (2003, p.2), inadequate training, lack of communication and participation among members, low educational level of members and inability of cooperatives to solve problems that farmers face are some of the common problems hindering effective coop management for sustainable development. Some respondents indicated their constraints as difficulty to access loans from the banks and poor road infrastructure for marketing. Some of the setbacks also included: Lack of access to (capital) land, severe competition in the markets, too expensive livestock feed, high livestock death rate, expensive livestock vaccinations,
coop’s bad debt, poor financial records and management, insufficient pastureland, long distances to woolsheds causing livestock deaths, livestock diseases also causing poor quality of wool and mohair, stock theft and lack of motivation resulting in members’ poor participation in the ACs (ACs Members’ Interviews, December and January, 2012 – 2013).

**The Effectiveness and Efficiency of ACs in Marketing of Products and Needed Strategic Management Activities by the Coops, Government, the Private Sector and NGOs**

Cooperatives are means used to reduce poverty, especially in rural areas. Government and the private sector have over the years used these channels to assist smallholder farmers to increase their production and contribution to economic development. Cooperatives are thus a pathway out of poverty for the developing countries for the rural poor as they are significant in ensuring the trickling down of economic, social and democratic benefits (Chandy, 2011, p.1).

Cooperative members without any training cannot improve their cooperatives. It is only through various training programmes such as development programmes, capacity building programmes, that cooperatives can be economic pathways that help households, especially smallholder producers, improve their income and in turn, livelihoods. Training helps them to improve their relationships in respect of ensuring the effectiveness of their cooperatives as well as serving their needs. Cooperatives contribute in reducing market barriers that are usually experienced by individual producers while opening up new ones. Accordingly as business entities, cooperatives allow entrepreneurs to:

a. Reduce transaction cost; hence increase production (economies of scale).
b. Increase efficiencies along the value chain through networking and information access.
c. Promote collective agreements resulting in substantial collective bargaining.
d. Create new markets with improvement of quality and value addition.
e. Increase capital opportunities from financial institutions and joint pool of resources for

Markets are pivotal to development and the ultimate impact of any business entity including cooperatives. In this regard, the types of markets accessed determine the profit and economic contribution by the targeted sector (Nkhoma, 2011, p.40). For instance, in the agricultural sector in Zambia, different stakeholders access different markets, including:

**Farm- Gate markets**

These types of markets target the local community members and are located within or outside the neighbourhood of the farm premises. Normally, the targeted customers include neighbours, local

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2 Farm-gate markets are markets targeting the local community members and are located within or outside the vicinity of the farm premises (Mtonga, 2012,p.4).
community members and other farmers within the area. For instance, in the Dairy sector, about 81 to 83 percent of the milk, produced by smallholder farmers, is sold through the informal market with a very short value chain. This milk is either produced and consumed at household level or sold to consumers in the community at farm gate prices. In such markets there are few bulk purchases as opposed to small quantity purchases. As such they do not stimulate commercialization.

**Markets using middlemen**

The use of middlemen is common for rural producers. These middlemen who include friends and close family members sell the agricultural produce in urban areas, often at a much higher price. In most cases middlemen already have a targeted market, making the sale of products easier. However, this kind of market is usually condemned as it is often exploitative. The middlemen get more of the profit than the actual producer (Pirrong, 2000, p.3).

**Urban/Peri-urban markets**

These markets are found in most residential areas targeting different classes of people within the community as they provide market outlets for the larger, medium and small producers. Examples of such markets in Lusaka include the Tuesday markets in Kabwata and Soweto market (Nkhoma, 2011, p.41).

**Markets with institutions**

Institutional markets are markets provided by public and private institutions which include hotels, hospitals, schools, correctional services and military force mess. Although they are seen as good, reliable markets with bulk purchases, issues of outstanding debt or delayed payments are often a challenge. Additionally, supplying to these institutions requires one to be awarded a tender or contract and in most cases the middlemen who have access to information win the tenders.

**Supermarket**

Supermarkets are self-serviced stores that stock food stuffs and other fast moving consumer goods. In Zambia, supermarkets are owned both by local and international companies as well as individuals. More often than not, the commercial producers, with few cooperatives have access to this type of market as supermarkets have specified quality and quantity of product. Some of the supermarkets open to producers in Zambia include Shoprite, Game stores and Melisa Supermarket. However due to the standards set on products, a number of smallholder producers do not have access to this market. Furthermore information on being part of supermarket chains is limited and most often supermarkets decide the products that producers have to grow according to standards set. These are the constraining challenges to ACs’ producers and their livelihoods sustainability (Nkhoma, 2011, p.41).

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3 Middlemen: Friends, neighbours and family members engaged in marketing cooperative produce in urban areas and already have their own targeted market (Nkhoma, 2011).
Cross Border Trade

Cross border trade is trading across borders, facilitated by Free Trade Agreements provided by Common Market for Eastern and Southern Africa (COMESA). These agreements have over time contributed to reducing the constraints and challenges of cross border trade. In Zambia however, there is more informal trade than formal trade. Trade is mainly conducted by individual traders (a large proportion of which are women). Some of these traders operate entirely outside the formal economy; others are registered domestically yet escape fully or partially trade-related regulations and duties (Nkhoma, 2011). This poses a challenge in the full realization of the available market opportunity.

The inadequacy of market access and the inability to meet demand in some cases continues to be a major concern for cooperatives in Zambia. Most agricultural products are destroyed due to lack of access to markets. This situation has continued to have an effect on the poverty levels within the country. However, in order to maximize the effectiveness and efficiency in marketing agricultural products and effect livelihoods sustainability, the following entities have to play their strategic management roles as follows;

Cooperatives should:

a. Take a pro-active role in the market place as it can place them in new arenas of competition which may require significant changes in the usual view of cooperatives.
b. Aim at strengthening their members’ capacity to market, negotiate, manage finances and develop contracts in order to increase their participation in agro-markets.
c. Increase lobby and advocacy on policies that affect them.
d. Advocate for policies that improve marketing and service arrangements and reduce constraints to market access, technologies, credit and inputs.
e. Promote professional management of cooperatives to ensure that they are more business oriented (Mtonga, 2012, p.10).

Government should:

a. Promote the growth and viability of cooperatives. It should enter into partnerships with cooperatives where appropriate and facilitate access to investment finance and credit.
b. Enhance efforts aimed at promoting economic development for cooperatives. Government policies are important in providing an enabling environment for the development of cooperatives. Thus, there is need for the government to consult cooperatives when drafting or revising legislation or regulations that promote effective policies.
c. (In partnership with private sector) Create market support centres in provinces that will provide information on available markets, on standardization of products and on, access to markets and prices for commodities as they prevail. These centres may help improve and
harmonize national and regional market information and communication systems in order to facilitate easy market access.

d. Promote agro-markets that seek to capitalize on a range of multiple stakeholders.

e. Increase engagement with other trading partners both at regional and international levels to reduce non-tariff barriers which limit direct access of smallholders and cooperatives to markets.

f. Provide marketing training and promote options such as access to trade shows and local, regional and international learning programmes for cooperatives members.

g. Increase extensive market research study, monitor the progress and impact of cooperatives worldwide (Mtonga, 2012, p.10-11).

The government has to play a significant but non-interfering strategic regulatory role in cooperative development by setting guidelines and monitoring structures. The government is the mother body of cooperatives responsible in various ways. For example, it is responsible for:

a. Government legislation: An efficient management of cooperatives requires an enabling legal environment. It is the responsibility of the government to provide an efficient cooperative legislation. The legislation has to specify that all cooperatives observe and respect the internationally recognized cooperatives’ principles and values. The government should ensure that cooperatives are autonomous and independent from government, political or any other interference in their daily operations.

b. Increased consultation between the government and the cooperative movement: The government has to ensure that the development of the cooperative sector is sustained. There is a regular consultation between the government and the cooperative movement to discuss and solve problems that hamper success of the cooperatives in Lesotho.

c. Linking the cooperative sector with National and International strategies and policies and stakeholders: Cooperatives work together with other stakeholders and the government in cooperative development to build a cooperative culture in the economy and to allow widening of cooperative activities. In this attempt, cooperatives are encouraged to participate in poverty eradication programmes as well as in small and medium enterprise programmes that have an impact on the development of the economy, provided that they foster cooperative development and do not hinder the autonomous nature of cooperatives.

The government is accountable for providing education to cooperative members. Education is the key to success that can be used as a liberating tool to empower and develop the skills of the people as well as enabling them to reach their goals. Lack of training has been one of the major reasons why many cooperatives have failed in the past. The government has seen the need for education and training by the relevant institutions, working in collaboration with the cooperative members. The government of Lesotho is thus committed to education and training goals as follows:
a. To develop a group of well known trained and responsible leaders who can direct cooperatives and other enterprises for the benefit of their members.
b. To provide training and advice to members of cooperatives as well as their committees and boards and all categories of personnel in primary cooperatives, secondary and national bodies.
c. To evaluate cooperative development activities and give advice on development methods.
d. To organize conferences, workshops and other meetings on issues relating to cooperatives.
e. To carry out research on cooperatives and provide other support services.
f. To learn more about the training needs of primary, secondary and national bodies.

The government aims at ensuring that the college (Lesotho Cooperative College) carries out its activities. It will make sure that the board of directors represents all stakeholders and carries out its duties. According to the MTICM (1999, p.22), the government is in the process of upgrading the Lesotho Cooperative College by carrying out the steps to:

a. Review the programme of the college so that it can offer certificate and diploma programmes in future.
b. Encourage cooperation between the college and the National University of Lesotho (NUL) so that a university department can assist with cooperative development.

Since 1948 there were many different cooperatives in Lesotho, including the agricultural credit, marketing of wool, mohair, hides, skins and crops, livestock and poultry, handicrafts, housing, supply of farm inputs such as fertilizers and seed, saving schemes, consumer cooperatives and worker cooperatives. Unfortunately, most of those cooperatives were closed down, because they were no longer providing their members with useful services. The other problem was the shortage of basic business skills and active leadership because the government did not encourage active participation of cooperative members. Instead, the government dictated what should or should not be done (The Kingdom of Lesotho, 2009, p.2).

The government has decided to correct this problem by limiting its involvement in the operations of cooperatives in future. The government will make sure that the cooperative movement is regularly evaluated and the findings are widely published. Thus, universities and other training institutions in the SADC countries are working together to conduct training programmes related to cooperatives. The government has decided to be involved in this manner in order to:

a. Create supportive environment for the development of democratically controlled, efficient and successful cooperatives.
b. Promote cooperatives in Lesotho.
c. Provide laws that meet the needs of cooperatives and follow the international principles on cooperatives.
d. Ensure that the Department of Cooperatives has well qualified and experienced staff members who can help cooperatives effectively.
e. Ensure that all cooperatives except the very smallest one elect a supervisory committee to monitor the work of the management committee.

f. Ensure that every cooperative submits an annual report to the commissioner of cooperatives. The report should include audited financial statements and other important information about the cooperative. Any cooperative that does not give its annual report after two reminders will be forced to close down.

g. Keep a reserve fund containing at least 20 percent of the cooperative’s annual surplus. This will give a cooperative a back-up during bad times and help the cooperative to have reserves for unexpected expenses.

h. Set up a National Cooperative Planning and Development Council to ensure that there is a frequent consultation between government and the cooperative movement in cooperative issues.

i. Set up a Cooperative to Tribunal to help cooperatives to resolve the disputes in a quick and efficient manner, without long court cases. When there is a request for a tribunal from a cooperative or a cooperative member, the government will appoint three persons to decide the dispute, one representing the cooperative movement, one representing the government and the third one with a strong legal background.

j. Prevent cooperatives from being registered without a feasibility study and set up a joint inter-ministerial consultative committee on cooperatives. This group will look at how different government ministries work to support cooperatives.

**The Private Sector should:**

a. Establish or help manage investment fund that can enhance credit options for producers, processors and others within the value-chain.

b. (In partnership with government) Promote improved rural financial credit facilities development.

c. Assist in infrastructure development by partnering with cooperative in different initiatives (Mtonga, 2012, p.11).

**NGOs should:**

a. Continue to conduct market analyses, assessments, feasibility studies and similar research targeted to cluster development and product or market linkages, as a contribution to research on cooperatives.

b. Facilitate cooperative networks and promote collaboration among various non-state actors. Cooperative networks can help create a critical mass which helps to rapidly gain scale and access to deals negotiated at national or international levels which lead to greater profitability.

c. Facilitate training for cooperatives in understanding trade policy, lobby and advocacy, policy engagement, negotiation and marketing.
d. Assist cooperatives in taking advantage of export trade opportunities such as the Africa Growth and Opportunity Act (AGOA) and other regional and international trade liberalization initiatives through making provision of information.

e. Facilitate learning exchange programmes with other like-minded successful cooperatives in increasing knowledge and creating networks (Mtonga, 2012, p.11).

NGOs, parastatals, international agencies and financial institutions strategic management role in Lesotho’s ACs

It is important for NGOs, parastatals, international agencies and financial institutions to play strategic management role in ACs for members’ livelihoods sustainability. NGOs specialize in different activities in the development of Lesotho’s cooperatives. Their tasks among others include training cooperative members at grassroots level, conducting feasibility studies and writing project proposals, facilitating sources for donor funding and providing advice on management and finances. However, there are also some NGOs involved with the provision of general business development through education and training. Some parastatals carry out functions for government ministries. Such parastatals are Lesotho Housing and Land Planning Corporation, Basotho Enterprises Development Corporation/BEDCO and Lesotho National Development Corporation/LNDC. These parastatals work in collaboration with cooperatives in administering donor funds and providing training and development of cooperatives. The international agencies like international NGOs are already helping cooperatives in Lesotho. The government develops a coordinating aid from the NGOs for a more balanced and effective assistance. The international agencies are not allowed to carry out projects themselves but are expected to help the local NGOs to develop their capacity to carry out projects within cooperatives (ACs Members’ Interviews, December and January, 2012-13).

The role of financial institutions is to facilitate economic growth and development of cooperatives. For many cooperatives, capital formulation is a major challenge due to the fact that they lack financial base required for growth and sustainability. It is therefore, very important that financial institutions provide financial assistance to cooperatives to carry out projects. However, there are some factors that hinder cooperatives from getting loans. These include factors like the high cost of loans. For example, financial institutions require some valuable property to be pledged as security for the loan and confusion caused by paperwork written in small handwriting during the process of loan application. Some ACs members are unable to prepare good business plans to show why their cooperatives need to be given loans. Research findings of the study conducted by the researcher showed that from the list of cooperatives that were interviewed there was only one cooperative (Basali Mmoho) that managed to get financial assistance from the Skillshare International Lesotho and the American Embassy (ACs Members’ Interviews, December and January, 2012-13).
Conclusions and Recommendations

The study has addressed the question of what ACs management problems are and how they constrain livelihoods sustainable development. It also defined marketing, cooperative, sustainable development, livelihoods and management. It has illuminated what the duties of Coop management committee are as well as coop management problems constraining development sustainability in livelihoods through ACs employment and marketing opportunities creation. The paper also covered cooperative management problems in the context of Lesotho covering management style aspects and challenges as well as issues in the effectiveness and efficiency of ACs in the marketing of products and strategic needed management activities for the Coops, Government, Private sector and NGOs to effect sustainability. Poor ACs management problems emanate from low literacy and education/skills level, poor training and resource base, corruption, market inaccessibility and others requiring ACs management structures and membership to be linked to national universities for continuous targeting on-job or in-service training.

Cooperatives, like other entities have own management problems that contribute to their failure. One of the problems is failure to elect an efficient management committee. The study concludes that corruption, ignorance, illiteracy and lack of management skills are the main problems that face cooperatives. There is also a pattern used to choose a management committee, the highest decision making body of the cooperative responsible for day to day administration of the cooperative.

Cooperatives as democratic organizations are controlled by their members. Members are expected to become active participants and to be part of the decision making process in their respective cooperatives. All members have an equal voice and equal right. This is the second principle of democratic member control. Management has power and control over members to achieve cooperative goals. Members have rights and control in their cooperatives to scrutinize the actions of their management committees. In cases where members are not happy with the performance of the management committee, they have the right to replace it but government coop policy lacks clear regulatory mechanisms, systems and structures, activities and regulations clearly stipulated to empower the ACs members on how to scrutinize performance of their management teams for effecting sustainability effectively.

Cooperative management encounters various problems at different levels. In many cooperatives, the management committee is not regularly replaced. It is replaced after 1 to 3 years. There are some situations where the management committee is never replaced due to the desired qualities that its members possess. Most of the cooperative management committees serve a fixed term. During the elections some of the members of the cooperative refuse to be elected into the management committee. They have a low self-esteem and lack confidence due to lack of education and relevant training. Decision making is considered very important in developmental activities. In most organizations decisions are made and consensus reached by all members but such decisions are rarely implemented in ACs due to lack of resource base. This renders decision making in cooperatives ineffective for sustainable development.
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