

# **THE NEED TO SUPPORT CRASoN'S INITIATIVE OF REDEFINING COOPERATIVES IN NIGERIA**

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## Principles For Operation of Cooperatives

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation Among Cooperatives
- Concern For Community

## **Advantages of the Cooperative Organization**

- Easy to Form
- Open Membership
- Democratic Management
- Limited Liability
- Stability
- Economical Operations/Low Management Cost
- Government Patronage
- Mutual Cooperation
- No Speculation
- Other Privileges

## **Benefits of Cooperatives to the Larger Society**

- Contribution to GDP (estimated at over N1trillion in Nigeria for example).
- Tackling Poverty and Creating Food Security
- Providing Affordable Finance
- Building Local Expertise And Profits
- International Cooperation
- Creating Decent Jobs
- Empowering Women

# Challenges & Limitations of Cooperatives

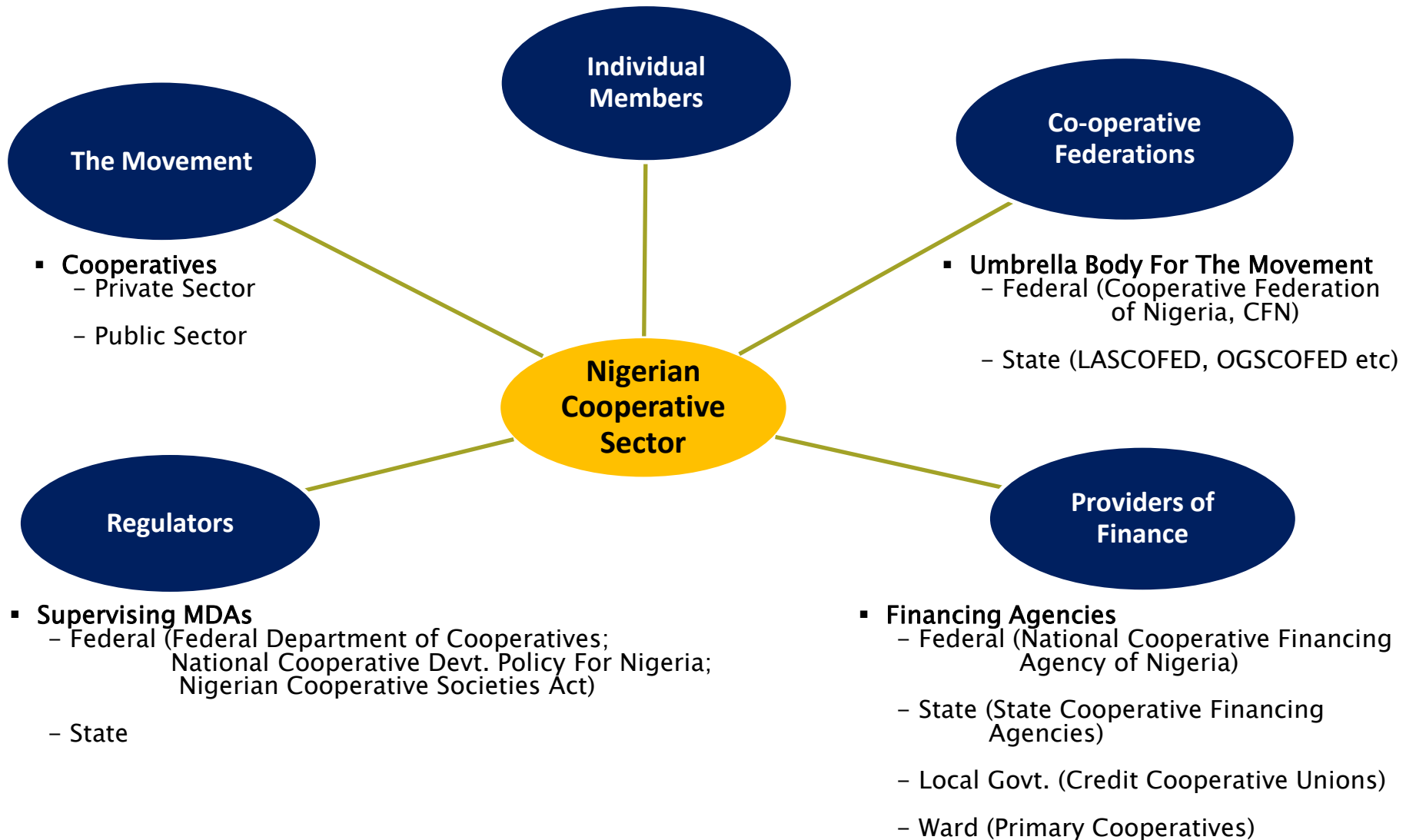
- Limited Capital/Resources
- Inefficient Management
- Low Motivation
- Limited Consideration
- Differences and Factionalism Among Members
- Rigid Rules and Regulations
- Lack of Competition
- Weightage to Personal Gains
- Corruption
- High Interest Rate
- Inadequate Maintenance of Financial Statements/Books of Accounts
- Inadequate Education and Training of Members
- Striking A Balance Between Being A Business Organization & A Social Movement

# Redefining Cooperative Standards: Historical Transition From Government Control to Liberalization

- After independence, cooperative policies and legal frameworks gave African governments powers to direct and manage the affairs of cooperatives.
- By the close of the 1980s, it was apparent that the movement had lost its voluntary and bottom-up character.
- The focus of the second era of cooperative development was liberalization, which sought to free the cooperative movement from government control.
  - The immediate impact of liberalization on the cooperative movement was the collapse of many cooperatives
- However, liberalization also triggered the rejuvenation of the cooperative movement by regenerating the solidarity of people from the grassroots
  - Led some observers to argue that it was the pseudo-cooperatives that collapsed when the government relaxed its support
- There was creation of new cooperative unions and federations altogether, resulting in the structural reorganization of the cooperative movement.

# Redefining Cooperative Standards: Co-ordination Framework and Stakeholder Groups in a Liberalized Environment

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# Redefining Cooperative Standards: The Way Forward – Enhanced Government Control Vs Modified Liberalization

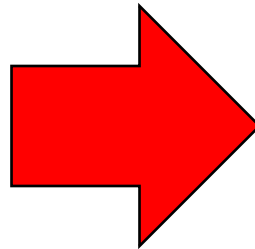
- Lesson from the historical transition scenario is that overt government control over the cooperative movement is counter-productive
  - But there is still need for some regulation to ensure that unscrupulous leaders do not exploit other members
  - Challenge is to strike a balance
  
- Simply strengthen the current liberalized arrangement and co-ordination framework
  - Review enabling legislation to be more robust and contemporary.
  - Strongly support with an **independent stakeholder**
  
- **Co-operative Rating & Award Society of Nigeria (CRASoN)** comes in as a “value-based Rating and Award Institution” to play the independent stakeholder role
  - Detached regular assessment of the movement, creating healthy competition
  - **Rallying point** for every other stakeholder group,
  
- Likened to the emergence of Augusto & Co. for the banking industry many years ago
  - Strong Augusto rating – **“Badge of Honour”**

# CRASoN's Objectives & How Independent Stakeholder Role Redefines and Enhances the Cooperative Sector

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## CRASoN's Objectives & Expected Outcomes

- Create national recognition through rating and awards to sustainable co-operative enterprises.
- Help generate data and statistics for better analysis of economic performances and social impact.
- Foster the sharing of best practices and good governance model.
- Further train and inform Co-operative Leaders on how to engage and involve the Government and other development partners.
- Facilitate access to capital: credit facility of N1 billion with sponsor bankers.

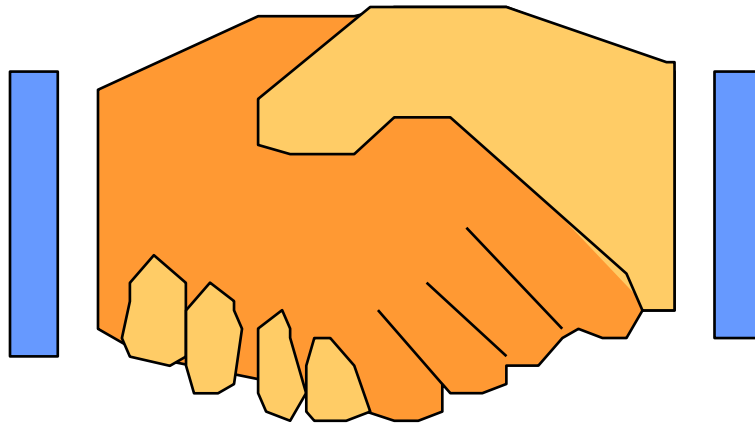


- Healthy competition and cooperation ultimately leading to increased contribution to GDP.
- Enhanced awareness, socio-economic relevance, good governance and sustainable business model.
- Revitalized and refocused contribution to MSME growth and economic diversification.
- Redefined standards of co-operative operations.

# Conclusion and Need to Support The CRASoN Initiative

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- Compelling need for the current Cooperative stakeholders to support CRASoN as an **independent stakeholder** that would serve as **a moral force**.
  - Continued liberalization
  - Consider a review of enabling legislation as opposed to enhancing direct government control
- CRASoN to become **a Rallying Point** for the cooperative enterprise in Nigeria.
  - Extensive collaborations and partnerships
  - Continue to raise its own standards and strengthen its capabilities
- CRASoN high rating to become the cooperative sector's **“Badge of Honour”**.
  - Confers credibility and opens doors of opportunities
  - Ultimately helps to redefine standards for the good of all



**THANK YOU**