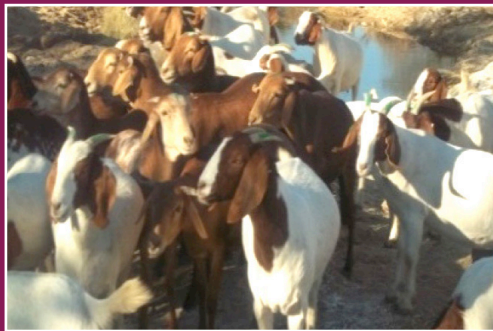




REPUBLIC OF NAMIBIA

# NAMIBIA CO-OPERATIVE POLICY



*Together. Sustainable. Inclusive*

February 2017



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## Foreword

Co-operatives represent an effective means of economic inclusion of economically less developed communities into mainstream economies in many countries around the world. In both developed and developing economies, Farmers Co-operatives, Savings and Credit Co-operatives (SACCOs), Housing Co-operatives among others have organized themselves into formidable economic players that control farmers markets, banking and micro finance, and retail in several countries.

Co-operative economic ownership is one of the six main forms of economic ownerships provided for in the regulatory framework of Namibia. Article 98(2)(d) of the Namibian Constitution, states that “The Namibian economy shall be based, inter alia, on co-operative form of ownership”. Vision 2030, Harambee Prosperity Plan and National Development Plans as high level national documents clearly state that the most effective way to address poverty is through wealth creation, which is done by growing the economy in a sustainable inclusive manner and through the creation of decent employment opportunities. One of the ways in which this objective can be achieved is through co-operative development.

Namibia's co-operatives have had a slow start since independence, mainly because of low entrepreneurial skills resulting in high dependency on Government and development partners, to facilitate co-operative development. Despite these challenges, there are significant co-operative development activities in the country. There are 146 co-operatives in Namibia, with the majority being in the agricultural sector, and several others in mining, manufacturing, financial and arts and crafts.

The Namibia Co-operative Policy is essentially a revision of the 1992 National Co-operative Policy which has been developed by stakeholders in the co-operative sector and coordinated through the Ministry of Agriculture, Water and Forestry. The Namibia Co-operative Policy, represents a milestone in the development of co-operatives in Namibia.

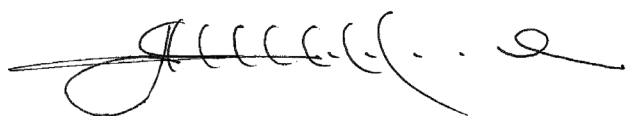
This Policy recognizes that co-operatives are private players that must take charge of their development agenda. It provides a framework through which the Government will facilitate co-operative development, and conditions under which public goods may be accessible to co-operative members. The Policy also provides for an organizational structure, including an apex organization of co-operatives which will facilitate communication and coordination of activities between Government and co-operatives.

I am confident that the Namibia Co-operative Policy, when fully implemented, will play a critical role in organizing farmers, miners, manufacturers, retailers, savings and credit groups to organize themselves into strong co-operatives which will be better integrated into the formal economy. These co-operatives will act as an important link for all Namibians, and especially economically disadvantaged persons, to take part in income generating activities.

I have no doubt that the goals and aspirations contained in this Policy will be attained through collective efforts and practical implementation of its provisions in order to facilitate and enhance the growth of a strong co-operative movement in Namibia.

Together we can create sustainable co-operatives that are aimed at enhancing economic inclusivity and make co-operatives the main players in our economic development, leading to wider ownership of our economy by many Namibians.

Let us all embrace the Namibia Co-operatives Policy and work together to strengthen co-operatives in Namibia.



**John Mutorwa, MP**

**MINISTER**





## Executive Summary

Co-operative approach to economic development is an effective way of encouraging economic inclusivity. Co-operatives can therefore contribute to the Harambee Prosperity Plan of addressing poverty through wealth creation by growing the Namibian economy in a sustainable and inclusive manner.

The Namibia Co-operative Policy is a revision of the first National Co-operative Policy of 1992. The first policy included many aspects necessary for co-operative development, but lacked clear and emphatic policy pronouncements necessary to provide guidance during its implementation. This in turn hampered implementation of coordination mechanism between Government and co-operatives, facilitation of co-operative development and the establishment of requisite organizational structures within co-operatives. This limitation in policy guidance in part explains the current low national recruitment into co-operatives, now standing at 0.5% of the Namibian population, and the lack of economic vibrancy of most co-operatives.

The Namibia Co-operative Policy acknowledges that co-operatives are private entities whose development is the responsibility of co-operative members. The Policy however acknowledges that for co-operatives to thrive, they will require Government policy support in organization and representation, marketing and trade. As a means to encouraging co-operative activity throughout Namibia, the Policy proposes the formation of a national apex co-operative organisation and thematic umbrella co-operative organizations on economic activities such as marketing and supply, housing, savings and credit. It proposes, in line with the Co-operatives Act (Act 23 of 1996), a clear separation of the roles of the Co-operatives Advisory Board from the Office of the Registrar. In order to facilitate co-operative development, the Policy provides for facilitation of public goods essential for co-operatives, and a Co-operative Development Agency.

The principles underpinning these policy provisions are evident in several other African countries, whose co-operative organizations control almost a third of their economic activities. Subject to implementation of provisions in this Policy, Namibia can, within a period of about 5 years, enhance economic inclusivity through vibrant economies, which would in turn help to assist in reducing the current high Gini coefficient.

Together, co-operatives can mobilise resources which are beyond the reach of individual members, and collectively invest such resources to build an economy that is inclusive of all, therefore creating an economic environment where “no one is left behind”.



**Percy W. Misika**

**PERMANENT SECRETARY**



## Definitions

**“Advisory Board”** means the Co-operatives Advisory Board

**“board”** means a management board of a registered co-operative

**“by-laws”** means the by-laws established by a co-operative, and approved by the Registrar

**“co-operative”** means workers co-operative or a service co-operative formed and registered under the provisions of this Policy.

**“liquidator”** in relation to a co-operative being wound up means a person appointed in line with this Policy to carry out the winding-up of a co-operative;

**“Minister”** means the Minister responsible for co-operatives;

**“ministry”** means the ministry responsible for co-operatives;

**“net surplus”** in relation to a co-operative means the surplus which results from the operations of the co-operative concerned during a financial year.

**“Permanent Secretary”** means the permanent secretary of the ministry responsible for co-operatives.

**“primary co-operative”** means a co-operative formed by natural persons or other legal entities other than co-operatives.

**“Registrar”** means the Registrar of Co-operatives appointed in line with this Policy.

**“secondary co-operative”** means a co-operative formed by two or more primary co-operatives.

**“service co-operative”** means any co-operative which enters into at least 51% of its transactions with its members.

**“workers co-operative”** means a co-operative which all its members are working in the co-operative in their capacity as members and at least 70% of the persons working on full time basis in the co-operative, whether as employees or in their capacity as members, are persons who are members of that co-operative.

**“national apex co-operative organization”** means an organization formed as contemplated in paragraph 64 of this Policy.

**“regional co-operative organization”** means an organization formed as contemplated in paragraph 63 of this Policy

**“Co-operative Development Agency”** means an agency formed as contemplated by paragraph 82 of this Policy.

**“public good”** means a good that is both non-excludable and non-rivalrous in that individuals cannot be effectively excluded from use and where use by one individual does not reduce availability to others.



# NAMIBIA CO-OPERATIVE POLICY

## Introduction

1. Co-operatives have a potential to be an important part of the economy of Namibia. Co-operative economic ownership is one of the six main forms of economic ownership provided for in the regulatory framework of Namibia. Article 98(2)(d) of the Namibian Constitution states that the Namibian economy shall be based, inter alia, on co-operative form of ownership.
2. Under Section 1 of the National Development Plan (NDP) 4, and in line with Vision 2030, one of the principles of what we cherish as a nation is a people-centred economic development. This is achieved by emphasizing on the welfare of the people and human development especially through co-operatives, which in turn produces equitable and balanced growth that result in expanding industrial sector, modernised agricultural sector, and enabling macroeconomic and political environment.
3. Co-operatives can contribute greatly to the Harambee Prosperity Plan, which states that ‘the most effective way to address poverty is through wealth creation, which is done by growing the economy in a sustainable inclusive manner and through the creation of decent employment opportunities’.
- a. Economically active co-operatives are one of the effective ways of achieving the target ‘Economic empowerment leading to higher inclusion of disadvantaged groups into formal economy’ (HPP04.4) under Pillar 2 on Economic Transformation.
- b. Effective youth co-operatives are one of the ways of achieving the target to ‘Establish one hundred and twenty-one [121] rural youth enterprises countrywide, each employing between 5-10 youth’, under the Goal on Youth Enterprise development (HPP05.4).
4. According to the International Co-operative Alliance (ICA), a co-operative is defined as ‘an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.’ Co-operatives are therefore private businesses owned and run by, and for, their members.
5. Co-operatives differ from other form of private economic activity in that they have the ability to integrate less privileged members of society such as the poor, disabled, women and youth into the market economy by helping such people help themselves. They enable these groups to pool resources together and create economic success where each of their members would individually not be successful.
6. Co-operatives contribute to economic development through wealth creation, employment generation, and skills development in general, particularly amongst urban and rural populations. By focusing on social as well as economic development aspects of a community, co-operatives play a crucial role in balanced development with better Gini coefficients, hence enhance national unity.
7. Co-operatives also act as a good point of intervention on capacity building and skills development by governments and development partners wishing to target development activities to specific communities.
8. Across the world, including Africa, there are examples of successful co-operatives that have become key contributors of economic development in the countries of their operation. The vast majority of these co-operatives are in agriculture, financial services such as savings and credit manufacturing and retail.
9. In several of these countries, co-operatives have the highest share of deposit holdings in their respective banking sectors, and represent majority of their populations in economic activities. Even though co-operatives on their own cannot address income inequalities in a country, they perhaps represent the most effective private sector approach to wealth distribution and poverty alleviation.



10. However, co-operatives in many developing countries over the past decades have been hampered by lack of focus on their key development agenda, mismanagement and corruption. Some of these co-operatives often had interference associated with government or donor subsidies advanced to them.
11. A further contributor to failure of many co-operatives in developing countries has been a donor-driven approach to development activities by governmental, non-governmental and other organizations which, since they were not member driven, were unsustainable.
12. The principle tenets of successful co-operatives are member-driven initiatives, sustainability and self-reliance. A co-operative should have a democratic system which rewards hard working members, while at the same time avoiding domination of the majority by a few.
13. This policy is aimed at revising the National Co-operative Policy approved in 1992, which was followed by the promulgation of Co-operatives Act (Act 23 of 1996). This Policy was useful in that it laid the foundation for the Co-operatives Act (Act 23 of 1996). Even though the 1992 National Co-operative Policy contained most aspects necessary for co-operative development, its statements lacked the clear and emphatic language associated with Government policy documents. As a result, there has been a lack of clear understanding of Government policy on co-operatives in Namibia, which in turn has resulted in insufficient progress on many co-operative aspects.
14. In particular, the 1992 National Co-operative Policy:
  - a. Did not clarify on the need to ensure independence of the Co-operatives Advisory Board from the operations of the Office of the Registrar, which is currently the Division of Co-operative Development and Regulation. The Co-operatives Act (Act 23 of 1996) establishes the Co-operatives Advisory Board to, among other activities, deliberate on appeals against the Registrar, and make recommendations directly to the Minister. The current status quo in which the planning and budgeting of Co-operatives Advisory Board activities are coordinated through the Division of Co-operative Development and Regulation impedes the Co-operatives Advisory Board from fully implementing its mandate as per the Co-operatives Act (Act 23 of 1996).
  - b. Did not provide clarity on the issue of coordination between co-operatives, and the formation of an apex co-operative body in Namibia. This lack of coordination between co-operatives has affected the effectiveness of representation of co-operatives in the Co-operatives Advisory Board, since those appointed to the Co-operatives Advisory Board mainly represent their individual co-operatives but not their category of co-operatives as envisaged in Section 86 of the Co-operatives Act (Act 23 of 1996). This is mainly because the Co-operatives Advisory Board does not have a mechanism or financial capacity to coordinate co-operative representation in decision making processes.
  - c. Did not provide clarity on role of Government in promoting co-operative development. Paragraph 4.1 of the 1992 National Co-operative Policy states that 'The Government shall treat co-operatives no less than on equal terms as compared to other forms of enterprise in the country'. Co-operatives are private, not public entities and hence are not entitled to public financial support. However, because of their wide representation of large numbers of often poor people, most progressive co-operatives across the world enjoy Government policy support including infrastructure development and marketing support. In Namibia, the most progressive farmers marketing and processing organizations have done so largely because of Government support, even though they are not referred to as co-operatives.
15. There is therefore a need to revise the 1992 National Co-operative Policy to provide clear policy pronouncements on these and other aspects that are critical for co-operative development in Namibia.





## Situation Analysis

16. In Namibia, there has been a few successful co-operatives, but the majority of them have either failed to graduate from provisional registration to full registration, or did not attain economic vibrancy after full registration.
17. This lack of co-operative development has in part been due to a misconception by some co-operative members that it is the duty of Government to develop co-operatives. There has also been insufficient policy focus by Government in facilitating co-operative development, particularly in capacity building of the Co-operatives Advisory Board, facilitation of co-operative apex organization, training on co-operative skills and facilitation of co-operative economic activities.
18. There are about 146 registered co-operatives in Namibia in 2016, with a total membership of about 11, 988 people, which is about 0.5% of the population of Namibia. In 1992, there were about 5 registered and about 100 unregistered groups. There is therefore a vast scope for growth in number of co-operatives in Namibia.
19. About 74.7% of the current co-operatives are engaged in the agriculture sector in activities such as livestock breeding, crop production and marketing. About 62.6% of all co-operative members are engaged in agricultural activities. Other sectors represented by co-operatives in significant numbers include manufacturing activities (brick and carpet making, tailoring services, baking and natural products such as oil processing from indigenous plants) at 8.2%, arts and crafts (wood carvings, pottery and weaving) at 5.5%, financial services (savings and credit )at 6.8%, small scale mining at 3.4% and construction at 1.4%.
20. Women constitute about 63.8% of all co-operative members. Table 1, on page 10 provides a summary of different types of co-operatives in Namibia.



**Table: Registered Co-operatives in Namibia (2015)**

Type of Co-operative	No. of Co-ops	No. of Members	Female Members	Male Members
<b>AGRICULTURE Co-operatives</b>				
Livestock breeding and Marketing	73	5057	2259	2798
Crop and vegetable production and marketing	32	2181	1345	836
Seed multiplication	3	262	159	103
<b>Secondary Co-operative*</b>	1			
<b>ARTS AND CRAFT Co-operatives</b>				
Pottery	2	20	0	20
Wood carving	1	83	5	78
Weaving	1	13	4	9
Tourism	1	14	9	5
Event management	3	27	14	13
<b>MINING Co-operatives</b>				
Small Scale Mining	5	159	71	88
<b>MANUFACTURING Co-operatives</b>				0
Sewing and tailoring	3	59	48	11
Brick making, bakery	2	24	12	12
Oil processing from indigenous plants	2	3137	3125	12
Carpet manufacturing	1	10	6	4
Paper, charcoal, poles	3	35	12	23
Dairy	1	44	24	20
<b>FINANCIAL Co-operatives</b>				
Savings and credit	10	733	511	222
<b>CONSTRUCTION Co-operatives</b>				
Building	2	130	43	87
<b>TOTAL</b>	146	11,988	7,647	4,341

*\*Secondary co-operatives are composed of primary co-operatives, hence do not have individual member representation.*



21. The Registrar of Co-operatives is the head of the Division of Co-operative Development and Regulation in the Ministry of Agriculture, Water and Forestry, which is based in Windhoek. This Division provides regulatory services to co-operatives, with frequent travel to all the regions. There is however no sufficient human resource capacity to provide constant services to all co-operatives across the country.
22. Co-operatives in Namibia are represented at regulatory level through the Co-operatives Advisory Board. However, there is no sectoral or national apex organization for coordination of cross cutting co-operative issues for discussion at regulatory level as is the case in several countries with strong co-operative movements.
23. Training and other capacity building services of co-operatives is provided mainly by the Division of Co-operative Development and Regulation and development partner programs. Development partners' activities are ad-hoc, depending on donor programming, and there is no central coordination of their services. There are no training facilities, national training curriculum, or specific training courses for co-operatives in institutions or higher learning in Namibia.
24. Co-operatives receive loan guarantees from the Government to access credit from specified financial institutions in Namibia. There are no co-operative-owned banks in Namibia. Savings and Credit Co-operatives (SACCOs) are in their infancy, with about 10 such organizations registered so far. There is need to develop further the regulatory framework for financial co-operatives in Namibia.
25. Since independence, there has been a lack of vibrancy in development of co-operatives in Namibia. Majority of the 146 co-operatives registered lack sufficient members and pool of own resources needed for economic sustainability. Co-operatives therefore contribute minimally to all sectors of the economy, and their membership represents about 0.5% of the Namibian population.
26. Some of the factors that have led to low development of co-operatives in Namibia include inadequate policy focus on co-operative development, lack of sustainable economic activities, insufficient knowledge on potential benefits of co-operatives especially at rural levels, and lack of private and public facilities for co-operative development.
27. Considering Namibia's high income inequality at a Gini coefficient of 0.597 and hence the need to facilitate wealth creation at all levels of the society, there is an urgent need to facilitate co-operative development, as a vital private sector approach to economic and social development.

## Objectives of the Policy

### Main Objective:

28. The main objective of this Policy is to facilitate co-operative development in Namibia by providing scope for regulatory framework that allows for public-private partnership in co-operative development, while maintaining independence of co-operatives as private, member-led organizations

### Specific Objectives:

29. The Specific Objectives of this Policy are:
  - a. To provide scope for the regulatory framework on co-operative development in Namibia, with differentiated roles for Government, co-operatives and other stakeholders.
  - b. To facilitate effective governance and transparency between co-operatives management and their members as a means to encouraging greater participation of all Namibians in co-operative development



- c. To facilitate formation of national apex organization for co-operatives, and thematic umbrella co-operative organizations with a view to improve networking between co-operatives, development partners and other stakeholders.
- d. To encourage fair and transparent participation of co-operatives in income generation, alongside other private sector players, as a means to enhancing inclusivity of all Namibians in economic and social development

## Key Policy Statements

- 30. The Government of the Republic of Namibia recognises the potential role of co-operatives, particularly in ensuring inclusion of all persons including previously disadvantaged persons into economic activities, thereby contributing towards poverty eradication nationally.
- 31. The Government considers co-operatives as an important part of the economy, that are self-governing, democratic, and organized for the economic and social benefit of their members. .
- 32. The Government is committed to providing a conducive environment for development of co-operatives in Namibia. In this regard, the Government shall enforce compliance on co-operative management to ensure protection of resources of their members. The Government is also committed to facilitating training and other capacity building measures, and creating opportunities for competitive participation of co-operatives in economic activities.
- 33. In line with the objective of poverty eradication nationally, Government facilitation, including material, financial and technical support, shall be mainly focussed on those co-operatives implementing viable economic activities. In this regard, the Government shall focus mainly on co-operatives which have a potential of improving incomes of high number of members, especially in previously disadvantaged and economically marginalised communities.

## Application

- 34. This Namibia Co-operative Policy is applicable to the following:
  - a. The Government of the Republic of Namibia through Cabinet;
  - b. The ministry responsible for co-operatives, for the time being the Ministry of Agriculture Water and Forestry;
  - c. The Co-operatives Advisory Board, the Office of Registrar of Co-operatives, and the Co-operative Tribunal;
  - d. All co-operatives registered in Namibia;
  - e. All line ministries responsible for regulation or facilitation of various activities of co-operatives, including ministries responsible for finance, planning, trade, education, poverty alleviation, industry, land, housing, labour, regional and urban authorities, health, transport, communications, mining, fisheries, tourism, environment and justice;
  - f. Traditional authorities;
  - g. Regional and local authorities;
  - h. Development partners involved in capacity building activities of co-operatives; and
  - i. Any other stakeholder with an interest in co-operatives.





## Co-operative Principles

35. The Government shall implement controls and activities in line with principles on international best practises in co-operatives such as those internationally agreed upon by the International Co-operative Alliance (ICA). Such controls and activities shall be guided by the following principles:

a. Voluntary and Open Membership:

- i. Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- ii. Any person who is a citizen of, or otherwise resident in Namibia, and who is 18 years or older may join, or participate in the formation of a co-operative.
- iii. The Government is committed to encouraging development of co-operative skills in children and youth. In this regard, learners at a school or college who are 14 years or older may join or participate in the formation of a co-operative with objectives such as school/ college farming and institution-based retail or other businesses, subject to approval by a parent or a guardian.

b. Democratic Member Control:

- i. Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as board members are accountable to their membership.
- ii. Every member of a primary co-operative shall have only one vote, irrespective of the number of shares he or she may have in that co-operative.
- iii. No member, other than a member who is a co-operative, shall hold more than one fifth of the share capital of any co-operative..

c. Member Economic Participation:

- i. Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital shall be the common property of the co-operative.
- ii. Any surplus of a co-operative shall be used in the following ways:
  1. A proportion of it, as the members shall agree, shall be used to develop the businesses or service of the co-operative;
  2. At least 20% of it shall be kept in reserve for that co-operative; and
  3. The remaining portion may be distributed amongst members in proportion to the transactions entered into by such member with such co-operative and their resultant contribution to such surplus.

d. Autonomy and Independence:

- i. Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.



- ii. Projects and commitments proposed for a co-operative shall be clearly communicated to all members, who shall be availed an opportunity to democratically decide on such activities before they are implemented.
  - iii. No development partner, Government agency, or any other person or organization, shall implement any activity on behalf of, or through a co-operative, without approval of majority of the members.
- e. Education, Training and Information
  - i. Co-operatives provide education and training for their members, elected representatives, managers, and employees so that they may be able to contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and leaders, about the nature and benefits of co-operation.
  - ii. A co-operative will be required to commit to train its management and members, upon joining and at least once annually, on the administration of the co-operative, member's rights, duties, liabilities and obligations.
- f. Co-operation among Co-operatives::
  - iii. Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- g. Concern for Community
  - iv. Co-operatives work for the sustainable development of their communities through policies approved by their members.

## Organizational Responsibilities:

### The Government

36. The Government through Cabinet, is responsible for enacting Policies, developing Bills, publishing Regulations and providing finances to ensure effective controls and enabling environment for development of co-operatives in Namibia.
37. The Government recognizes that co-operatives are private entities operated by their members. In this regard, the Government shall not be involved in the management of co-operatives, and shall not seek to sustain co-operatives economically through provision of financial subsidies.
38. The Government shall mainly facilitate development of co-operatives through regulatory control and provision of 'public goods' such as training, loan guarantees, provision of public (shared) infrastructure, and promotion of the marketing and trade of co-operative goods and services.
39. Provisions such as capital goods or loans by Government shall be limited to co-operatives for which such assistance is critical to the success of their business plans, and shall be paid back in order to be utilised for development of other co-operatives
40. In the event that the Government provides a grant or loan to a co-operative for a specified purpose, the Government shall, with a view to ensuring accountability and transparency, be involved in the supervision of the administration of such grant or loan for its entire duration.
41. The Government shall encourage cooperation between co-operatives and other private sector players.



## Minister Responsible for Co-operatives

42. Considering that the vast majority of co-operatives are involved in activities mainly regulated by the ministry responsible for agriculture, this ministry shall continue to be primarily responsible for development of co-operatives in Namibia. In performing duties on co-operative development, the Minister responsible for co-operatives shall closely coordinate, through Cabinet, with other line ministries responsible for regulation of various line activities.
43. The Minister shall provide financial, material and human resources necessary for the proper facilitation and regulation of co-operatives in Namibia.
44. The Minister shall develop regulations, procedures and activities aimed at facilitating development of co-operatives in Namibia.

## Registrar of Co-operatives

45. The Minister shall establish the Office of Registrar of Co-operatives in Namibia, and appoint a suitable person to be the Registrar of Co-operatives.
46. The Permanent Secretary of the ministry responsible for co-operatives shall provide to the Office of the Registrar such staff, office space and resources as shall be required for effective administration and development of co-operatives.
47. The Registrar shall implement regulations aimed at registration, development, liquidation and deregistration of co-operatives, under the guidance of the Minister.
48. Subject to approval by the Minister, the Registrar shall implement such policies on co-operative development on such matters as the Co-operatives Advisory Board shall advise the Minister.
49. The Registrar shall regularly provide information to the Co-operatives Advisory Board on registration, other administration matters and development activities of co-operatives in Namibia.
50. The Office of the Registrar shall be required to establish specific and separate capacities on:
  - a. Co-operative administration and governance, including capacities in registration and audit of co-operative management practises; and
  - b. Book-keeping and financial audit services to co-operatives.
51. The Office of the Registrar may, subject to conditions approved by the Minister, provide capacity building activities such as training on co-operative development.
52. The Government shall continue to encourage the private sector, including Non-Governmental Organizations, to participate in capacity development of co-operatives nationally.
53. The Office of the Registrar shall develop capacity to control the quality of trainings by service providers. .

## Co-operatives Advisory Board

54. The Co-operatives Advisory Board (CAB) is responsible for making such investigations as it may deem necessary, and to advise the Minister generally or in respect of any particular matter, and to make recommendations to him or her, in relation to:
  - a. An appeal lodged with the Minister by a co-operative against an order of the Registrar with regard to the winding up and liquidation of a co-operative;



- b. Disputes between a co-operative, a committee of a co-operative or a member of a co-operative on the one hand, and the Registrar on the other hand, arising from decisions of the Registrar;
  - c. The Policy which may be followed in relation to co-operative development in Namibia, and the manner in which such policy is or may be implemented;
  - d. The amendment or application of provisions of any Acts or laws on matters relating to co-operatives; and
55. The Co-operatives Advisory Board shall ensure that any implementation of this Policy which requires inter-ministerial coordination is discussed at technical level through ad hoc technical committees coordinated through the Board, and involving the Office of the Registrar. Such technical committees shall incorporate staff from various line ministries, co-operatives and relevant private sector representatives.
56. The administrative work relating to the functions of the Advisory Board shall be performed by staff members of the Ministry made available by the Permanent Secretary for that purpose. The Permanent Secretary may designate a staff member as secretary of the Advisory Board.
57. The Minister shall ensure that there is effective coordination of the activities of the Registrar and the Co-operatives Advisory Board. Such coordination may include participation of the Registrar, on invitation, in relevant deliberations of the Co-operatives Advisory Board.
58. In consideration that one of the roles of the Co-operatives Advisory Board is to advise on disputes between co-operatives and the Registrar, the Minister shall ensure that substantive membership of the Co-operatives Advisory Board excludes the Registrar or staff under the Office of the Registrar.
59. The Co-operatives Advisory Board shall draw up annual budget of their activities which, subject to approval by the Minister, shall be administered by the Secretary to the Board. The expenditure incidental to the performance of the functions of the Co-operatives Advisory Board shall be defrayed out of monies appropriated for that purpose.

## Co-operatives Tribunal

60. The Registrar shall convene a tribunal to be known as the Co-operatives Tribunal. Such Tribunal shall deal with disputes between a co-operative, board of a co-operative or member of a co-operative on the one hand, and any person other than the Registrar.
61. The expenditure related to the performance of the functions of the Co-operatives Tribunal shall be administered through the Registrar.

## Co-operatives

62. Co-operatives are responsible for operating their activities in a democratic, accountable and self-sustainable manner. Any co-operative which does not abide by the principles of this Policy shall be de-registered by the Registrar.
63. Co-operatives may, with the assistance of the Co-operatives Advisory Board and in consultation with the Registrar, form and operate umbrella co-operative organizations dealing with similar economic activities. Such umbrella co-operatives include, but are not limited to, worker's co-operatives, marketing and supply co-operatives, consumer co-operatives, housing co-operatives and saving and credit co-operatives. The umbrella co-operatives may be regional, national, or limited to specific geographical regions.





64. Umbrella co-operative organizations may, with the assistance of the Co-operatives Advisory Board and in consultation with the Registrar, form and operate a national apex co-operative. This national apex co-operative, or its representative, shall represent the collective interests of all co-operatives in forums within and outside Namibia.
65. The national apex organization and the umbrella co-operative organizations shall not undertake activities in conflict with their member co-operatives. They shall provide a forum for exchange of ideas amongst co-operatives, represent co-operatives in national and international forums, and facilitate joint activities aimed at enhancing co-operative development nationally.
66. The national apex co-operative organization and umbrella co-operative organizations shall be financed by contributions from member co-operatives. The Co-operatives Advisory Board may, with the approval of the Minister, provide assistance on specific activities of the national apex co-operative organization or the umbrella co-operative organizations.
67. The national apex co-operative organization and the umbrella co-operative organizations may, upon demonstrating steady contributions from member co-operatives or organizations, receive support from other line ministries and development partners for specific activities. Such support shall, before commencement, be notified to the Registrar.

### **Organizations, Ministries and Agencies (OMAs)**

68. Offices, Ministries and Agencies (OMAs) whose regulatory or other activities affect the development of specific co-operatives shall develop activities aimed at facilitating such co-operatives. In this regard, such (OMAs) shall implement programs to facilitate the competitiveness and maximum participation of poor and previously disadvantaged Namibians in such co-operatives.
69. To ensure effective inter-ministerial coordination on co-operatives, the Minister shall ensure that key relevant OMAs are represented at the Co-operatives Advisory Board or its committees.

### **Development Partners**

70. The Government recognizes the vital role played by development partners, including governmental and non-governmental organizations, in capacity building activities of co-operatives. In order to ensure effective coordination of activities in all co-operatives, and also with a view to encouraging sustainability of activities in co-operatives after donor phase-out, all donor activities amongst co-operatives shall be notified to the Registrar before their commencement.
71. Development partners may facilitate formation of co-operatives, but shall not form co-operatives. They shall not use financial, material or technical support to initiate activities in a co-operative outside the scope of activities democratically agreed upon by its members.
72. The financing of a co-operative activity by a governmental or non-governmental organization shall be approved by the co-operative, and the accounts of the activity shall be periodically audited, and communicated to the Registrar.

### **Accountability procedures**

73. The Co-operatives Advisory Board shall draw up an annual budget for its activities in line with its functions as outlined in this Policy and the Co-operatives Act (Act 23 of 1996).



74. Considering that the Co-operatives Advisory Board includes members from co-operatives, and with a view to avoid conflict of interest in the implementation of co-operative activities, the Co-operatives Advisory Board shall not implement capacity building of specific co-operatives such as training, or choice of beneficiaries of subsidies, grants or loans. The role of the Co-operatives Advisory Board on capacity building shall be limited to providing advice on activities and implementation mechanisms suitable for co-operative development in Namibia in general.
75. The Office of the Registrar shall be responsible for administering capacity building activities implemented by the Government, in consultation with stakeholders on co-operative development in Namibia.
76. The Registrar shall prepare a report on regulation and development of co-operatives, including activities of the Co-operatives Tribunal, during the immediately preceding year which ended on 31 December of that year.
77. The chairperson of the Co-operatives Advisory Board shall prepare activity reports and financial statements on activities of the Co-operatives Advisory Board during the immediately preceding year which ended on 31 March.
78. The Registrar and the Co-operatives Advisory Board shall share their respective reports with each other and submit them to the Minister not later than 30 June in every year.

## Co-operative Management

79. No person, other than a registered co-operative, may trade or carry on business under a name or title of which the word "co-operative" is part. A co-operative shall have the word "co-operative" as part of its name, and if its equivalent in such other language is used as part of its name the word "co-operative" shall follow in brackets.
80. All co-operatives shall be required to submit an annual report on their activities, and an independent annual audit of their accounts to their members annually for approval at a properly convened annual general meeting, and submit such approved reports to the Registrar.
81. Co-operatives shall be required to maintain a capital reserve fund to cater for operations during difficult economic times. The Registrar shall ensure that every co-operative shall maintain a capital reserve fund into which at least 20% of annual surplus of a co-operative must be allocated.

## Co-operative Development Agency

82. The Minister may, upon advice by the Co-operatives Advisory Board and in consultation with the Minister responsible for finance and Cabinet, develop the regulatory framework for the establishment of a Co-operative Development Agency. This Agency shall be responsible for coordinating capacity building activities of co-operatives on its own, or in collaboration with other public or private institutions.
83. The Minister may, upon advise by Co-operatives Advisory Board and with the approval of the Minister responsible for finance and Cabinet, develop a regulatory framework for the establishment of a Co-operative Development Fund, to be administered under the Co-operative Development Agency. Such fund will be mainly used for the financing of activities on co-operative development in Namibia.
84. The monies of this Fund may consist of:
- Levies and fees paid by co-operatives, members of co-operatives or other persons for such services or purposes as the Minister shall gazette from time to time;



- b. Monies provided by Government and development partners for the development of co-operatives in Namibia; and
- c. Monies accruing to the Co-operative Development Fund in terms of interests or other earnings.

## Capacity Building of Co-operatives

85. The Office of the Registrar and the Co-operative Development Agency may, either directly or in collaboration with the other stakeholders, provide or facilitate:
- a. Regular training on co-operative management, book keeping and accounting;
  - b. Appropriate training manuals, information manuals and other electronic or web-based training and communication tools for co-operatives;
  - c. Support services to co-operatives on areas such as feasibility studies, preparation of project proposals, and project monitoring and evaluation;
  - d. Formal curricula on co-operatives training on management, registration of service providers, appropriate technology skills, and liaison with organizations such as institutions of higher learning, for their hosting and implementation; and
  - e. Up-to-date database on co-operatives, which shall be available to all stakeholders in Namibia;

## Co-operatives Policies on Specific Activities

### Agriculture and fisheries

86. The Government recognizes that the vast majority of Namibia's population, particularly in the rural areas, depend on crop, livestock production and small scale fishing for their livelihoods. These farmers and fishers on their own lack the necessary economies of scale and vertical integration in the value chains required to succeed economically. Farmers and fisheries co-operatives, when operated on sound economic principles, are a viable way of creating wealth at rural areas and hence lifting rural communities out of poverty.
87. The Government shall provide incentives and other support services on agriculture, including incentives on production, value addition and marketing, mainly to farmers who operate economically sustainable co-operatives.
88. The Government shall provide incentives in production, value addition, marketing and other support services to economically sustainable fisheries and aquaculture co-operatives, particularly those focussed on economically disadvantaged communities.

### Manufacturing and other Value Addition Activities

89. The Government acknowledges that investment in mining and large scale value addition projects require large amount of capital that is beyond the capacity of most Namibians. In this regard, the Government shall continue the policy of encouraging Foreign Direct Investment, in partnership with Namibians, to develop manufacturing and mining sectors.
90. The Government shall continue to encourage Namibians to form viable co-operatives in order to pool their resources together to enable them participate in the economic development of mining and value addition activities.



## Tourism

91. The Government recognizes that all areas of Namibia, particularly in rural areas, are endowed with traditional resources, practises, skills of making artefacts, and ecosystems which are natural tourist attractions.
92. The Government shall encourage communities to form co-operatives aimed at effective management of community eco-tourism, value addition and marketing of traditional arts and crafts.

## Land and Housing

93. Availability of land for economic activities such as farming and housing is one of the main challenges facing majority of Namibians. Whereas Government subsidy for purchase of land and distribution to affected Namibians is an important step in addressing this problem, a long-term approach to empower such communities is to pool their resources together to privately purchase and develop such lands.
94. The Government shall facilitate co-operatives to acquire land for development activities or redistribution to their members.
95. The Government shall encourage such co-operatives to develop housing projects for the benefit of their members.

## Marketing and Retail

96. The Government acknowledges that profit margins in activities such as farming, small scale mining, small scale fishing, artisanal production of crafts such as wood carvings and other art, are smallest at the farm-gate or production-gate level, when compared to other stages of the value chain. Producers individually lack sufficient resources for vertical integration activities such as transportation, value addition and operation of wholesale or retail facilities. These low profit margins often lock communities in poverty, despite being the primary producers of such vital resources.
97. The Government shall facilitate co-operatives to establish processing facilities, markets and retail facilities nationally. Such facilities shall be operated in accordance with sound business principles, and in line with Government policies on fair competition in the private sector.
98. Investments by Government in companies owned in majority by co-operatives running such facilities may, subject to mutual agreement with co-operatives, be partially or wholly transferred to such co-operatives at prevailing market rates.

## Financial services

99. One of the main impediments to co-operative development is the lack of access to credit facilities necessary for economic activities, due to lack of collaterals demanded by financial institutions. One of the ways of addressing this challenge is the establishment of savings and credit co-operatives, which pool finances from members, and lend at terms which are affordable to such members..
100. With a view to facilitating access to credit by co-operatives and their members, the Minister shall develop an appropriate regulatory environment, either as amendments to the Co-operatives Act (Act 23 of 1996) or as a stand-alone Act, to facilitate development of savings and credit co-operatives and co-operative banks.





101. The Government shall encourage affordable credit to co-operatives such as low interest loan facilities and grants for specific development activities. Such credit facilities may be availed to co-operatives through savings and credit co-operatives or other financial institutions which are able to lend to co-operatives at mutually agreeable terms.
102. Such co-operative banks are a suitable avenue for management of loans at affordable interest rates or grants provided by development partners wishing to develop targeted communities in identified economic activities. The Government shall continue to provide loan guarantee fund to Co-operatives through existing financial institutions.
103. The Government shall continue to provide loan guarantee fund to co-operatives through existing financial institutions.

## **Role of Women, Youth and Persons Living with Disabilities in Co-operatives**

104. Women form at least 50% of the population in Namibia, and their participation in co-operative development, including participation at decision making levels, is essential for the success of the objectives of this Policy. Women form the majority of participants in economic activities in rural areas, and their repayment rate for loans is usually higher than that of men.
105. The Government shall encourage participation of women at decision making levels in the management of co-operatives. A co-operative that has five of its members as women, or a third of its membership as women, whichever is lower, shall have at least one woman as a member of its board.
106. The Government shall encourage implementation of special development programs, including credit facilities, targeted at women in co-operative organizations.
107. Youth form a large proportion of the working age in Namibia. There is an urgent need to utilise the large human resource potential amongst youth to develop economically viable programs through co-operatives which create jobs and income in order to address the high rates of youth unemployment nationally.
108. Youth lack financial resources necessary for investment, and the collaterals that would be required by banks in order to obtain credit facilities. In order to accelerate job creation in Namibia, the Minister shall encourage creation of youth-centred workers or service co-operatives.
109. The Government shall facilitate formation of co-operatives focusing on youth development in all the economic sectors of Namibian economy. Such facilitation shall include aspects such as credit facilities, government procurement, and marketing.
110. The Government shall facilitate training on co-operative values and benefits to children in schools and colleges. The Government shall encourage formation of school and college co-operatives operated by students and involved in activities such as school gardens and operation of tuck shops, as a way of encouraging co-operative development at a young age.
111. The Government considers that the integration of people living with disabilities into national economic activities is essential for socioeconomic development of all citizens. Many people living with disabilities lack financial resources necessary to operate financially sustainable businesses, and are often disadvantaged in most employment opportunities.
112. Co-operative development, which is an opportunity for such persons to pool their resources together to help themselves, presents a viable opportunity for the development of people living with disabilities in Namibia.



113. The Minister shall ensure that co-operatives integrate people living with disabilities into their membership without discrimination. The Government shall facilitate affordable credit, access to government procurement, and marketing focussing on co-operatives with people living with disabilities.

## International Collaboration

114. The development of co-operatives in Namibia shall be based on international best practises of similar co-operatives worldwide, in line with consultations at intergovernmental and other forums such as International Co-operative Alliance (ICA).
115. The Government shall encourage benchmarking and mentoring of co-operatives and co-operative administration in Namibia with other similar co-operatives or administrations in Africa and internationally, in order to continuously adopt best practises most suitable for Namibian conditions.

## Legal and Regulatory Requirements

116. This Policy is primarily aimed at aligning co-operative activities in Namibia to the Co-operatives Act (Act 23 of 1996). The Namibia Co-operative Policy is therefore in line with the provisions of this Act, and is in line with Vision 2030, NDP4 and the Harambee Prosperity Plan.
117. The Minister may, upon advice by the Co-operatives Advisory Board in consultation with the Registrar, develop regulatory framework for the capacity building of the national apex co-operative organization, umbrella co-operative organizations and other co-operative activities.
118. The Minister may, upon advice by the Co-operatives Advisory Board in consultation with the Registrar, develop regulatory framework for enhancement of the operations of savings and credit co-operatives in Namibia.

## Resource Requirements and Mobilization

119. The implementation of this policy does not foresee additional financial requirements other than what is already provided for under the Co-operatives Act (Act 23 of 1996).
120. The implementation of activities under the Registrar outlined in this Policy will continue to be financed out of monies appropriated to the Ministry of Agriculture, Water and Forestry.
121. The implementation of the activities under the Co-operatives Advisory Board outlined in this policy will be defrayed out of monies appropriated for that purpose by Parliament, as provided for in Section 85(3) of the Co-operatives Act (Act 23 of 1996).
122. This Policy does not foresee employment of new staff or non-civil servants for the performance of secretariat activities of the Co-operatives Advisory Board. The performance of administrative functions of Co-operatives Advisory Board will be done by existing Ministry of Agriculture Water and Forestry staff made exclusively available for that purpose by the Permanent Secretary, in terms of Section 91 of the Co-operatives Act (Act 23 of 1996).
123. The Minister will, upon advice by the Co-operatives Advisory Board in consultation with the Registrar, make regulations to ensure that co-operative regulatory activities that can be provided to co-operatives on cost recovery basis are implemented cost effectively.



## Communication Strategy

124. The Minister shall encourage full participation of all co-operatives in the national co-operative apex body, as a means to facilitating communication and coordination of all co-operative activities nationally.
125. Communication between the Minister, Co-operatives Advisory Board, Registrar on one hand, and co-operatives on aspects of interest to all or similar co-operatives shall be coordinated through their umbrella co-operative organizations or the national apex co-operative organization.
126. The Minister shall develop a national communication mechanism on all co-operative development matters to ensure effective consultation between all line ministries and stakeholders. Such communication shall involve use of media accessible to rural areas such as national and local radio, and coordination via regional, local and traditional authorities.

## Implementation Action Plan

127. The Minister shall ensure that a 5-year Co-operative Strategic Plan is developed within 6 months of the adoption of this Policy by Cabinet. The development of this strategic plan shall be guided by the Directorate of Planning and Business Development of the Ministry of Agriculture Water and Forestry in conjunction with the National Planning Commission, Registrar of Co-operatives and Co-operatives Advisory Board.
128. This strategic plan shall outline achievable targets in co-operative development in the next 5 years, financial and human resources necessary to achieve such targets, and means of mobilization of identified resources.

## Monitoring and Evaluation

129. The Government shall develop a monitoring and evaluation (M&E) framework to monitor the implementation of the provisions of this Policy.
130. This Policy shall be applicable from the date of adoption by Cabinet.  
It may be reviewed through consultation with the Co-operatives Advisory Board, Office of the Registrar, co-operatives and other stakeholders on any of its provisions, and re-submission, through the Minister, for consideration by Cabinet.



## NOTES





## NOTES



## NOTES







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