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REPUBLIC OF SIERRA LEONE

Government of Sierra Leone

National Cooperatives Policy

MAY 2021

PREFACE	3
FOREWORD.....	4
Acronyms	5
EXECUTIVE SUMMARY.....	6
CHAPTER ONE: INTRODUCTION.....	11
CHAPTER TWO: SITUATION ANALYSIS	17
CHAPTER THREE: POLICY INTERVENTIONS	25
CHAPTER FOUR: INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION.....	34
MONITORING AND EVALUATION.....	38

Preface

The Government of Sierra Leone has over the year recognized the significant role of the cooperatives and has therefore established the created the Cooperative Department in the Ministry of Trade and Industry to address issues of Cooperative Development. The Ministry of Trade conferred the Department of Cooperatives with the mandate of formulating cooperative policies. In view of this mandate, the Cooperative Department has formulated this National Cooperative Policy as recognition of the changing environment in which cooperatives shall be regulated and supervised.

In preparing this policy, the Department of Cooperatives held consultative meeting with stakeholders taking into account the diversity of their perspectives and activities and the final validation workshop was held at the Ministry of Trade and Industry conference where various stakeholders were invited. It is our view that the implementation of the policy will require similar cooperation from stakeholders.

Lastly, I acknowledge and thank all persons and organizations that participated in preparation of this policy and in particular, Minister of Trade and Industry and his deputy, Ministries Departments and Agencies, Governmental Relations Technical Committee. We also acknowledge the contributions from, Cooperative movement leaders, National Cooperative Credit Union Association, Marketing Cooperatives, Fishing Cooperatives, I do register our gratitude to the World Trade Organization/ Enhanced Integrated Framework, International Trade centre, Irish League of Credit Union Foundation for their unreserved commitment in facilitating and supporting the policy review process. Lastly, I acknowledge the staff from the Department of Cooperatives who worked tirelessly to ensure completion of this policy.

Newton R Marlin

Registrar, Department of Cooperatives

Foreword

To the Government of Sierra Leone, the significance of the Cooperative movement as a critical player in promoting economic growth, socio economic development equitable and sustainable development cannot be over emphasized. Sierra Leone's vision for Cooperative development is anchored in the New Direction –SLPP Manifesto as a Facilitator of Export especially of Cash Crops which has the potentials of bringing much needed foreign exchange and increasing livelihoods for rural farmers. The policy identifies contemporary issues and challenges that hampers the growth of the Cooperative societies and seeks to provides solutions derived from pragmatic engagement of key stakeholders including the private sector, farmers, processors, local councils, Government Officials, Cooperative societies, financial institutions and politicians to address these challenges.

It also seeks to rationalize the role of the Cooperative Department in building the institutional framework and creating the right platform to grow the sector in line with the MTNDP. As a government we uphold our commitment to the Cooperative principles and values as a way of safeguarding the interests of the general membership and the sector at large are safeguarded. As various sector and functions continue to be devolved to local councils, we note the challenges that have emerged in the management and supervision of the Cooperatives and the need for closer cooperation between the Cooperative Department in the Ministry of Trade, The Government and the local councils to address these accordingly. We are mindful of the fact that this cooperation has been difficult to achieve because of the obsolete legal and regulatory framework currently in operation. Therefore, the need to address this ugly situation starts with the formulation of this policy as the first step towards establishing an appropriate and effective legal and institutional framework which will enhance the growth and development of the Cooperative societies and the sector in Sierra Leone. It is my candid opinion that the adoption of this policy, lays the basis for not only a level playing field for all Cooperative operating in the country but creates the enabling environment for Cooperative movements to thrive in the country. As we strive to build a better society by creating jobs, increasing livelihoods and alleviate poverty this policy creates room for Cooperative societies to take the lead in resource mobilisation through savings, it also lays the basis for agricultural productivity and promoting value addition, but more importantly it seeks to promote youth and women empowerment, wealth creation and poverty alleviation.

This document also lays the basis for resource mobilization for the Cooperatives.

I therefore admonish all to provide support for the roll out of the strategies outlined therein and want to thank all for the requisite support to make this happen.

I thank you

Dr. Edward Hinga Sandy
Minister of Trade and Industry

ACRONYMS

Business Development Service (BDS)

data analysis system (CODAS)

Government of Sierra Leone(GOSL)

Gross Domestic Product (GDP)

Management and Functional Review (MFR)

Ministry of Trade and Industry (MTI)

The National Cooperative Development Bank (NCDB)

The National Savings and Credit Cooperative League of Sierra Leone (NASCLOS)

A National Cooperative Congress (NCC)

Cooperative movement with membership in the International Cooperative Alliance (ICA)

Sierra Leone Dockworkers Multi-Purpose Cooperative Society (SALDOCS)

United Nations (UN)

United States Agency for International Development (USAID)

National Cooperative Credit Union Association (NaCCUA SL).

NACCUA (the National Association for Cooperative Credit Unions)

EXECUTIVE SUMMARY

Cooperatives have played a significant role in socio-economic development of nations for centuries and are a reminder to the international community that it is possible to pursue both economic viability and social responsibility. The Government of Sierra Leone recognises that In Sierra Leone the Cooperative sector has a huge potential to serve as the engine of growth and to achieve the objectives of Medium-Term National Development Plan. With limited employment opportunities in the public sector, coupled with mixed fortunes in the productive sector such as agriculture, a thriving Cooperatives sector could serve as an avenue for employment, livelihood and survival.

The potential of Cooperatives in creating a forward and backward linkage between the informal/formal economy, promotion of resourced-based exports, import-substitution and the development of a culture of entrepreneurship is very great. This can also be borne out by very positive Cooperative movement experiences especially in East, Southern and Western Africa.

In Sierra Leone the contribution of Cooperatives to the growth in the Sierra Leone economy can be attributed to the performance of Credit Unions in the financial sector and mostly smallholder farmers Cooperatives in the Agriculture sector who are engage in various value chains that involve cash crop production, processing and Marketing.

Nationally, In Sierra Leone, there are five hundred and eight two (582) registered Cooperatives with a total membership of twenty-two thousand (22,000) individual members. Credit Unions 32, Agriculture Cooperatives 300, fishing Cooperatives 60, Arts and Crafts 2, Workers Cooperatives 10, Housing Cooperatives 5, Mining Cooperatives 10 and Marketing Cooperatives 163. These Cooperatives were active in financial intermediation, agricultural produce marketing. However, the sector has faced a number of issues that have affected their operations. Credit Unions are the main vibrant form of Cooperatives with structure in place. Cooperatives have been strong in financing education, agriculture, housing, transport, health and commercial societies. In addition, Cooperatives are at the heart of rural economies in the country where smallholder agriculture is the mainstay of communities. Cash crop farming especially coffee, cocoa, rice, Cassava, and ground nuts are largely carried out by smallholder farmers. The opportunities available for Cooperatives include financial intermediation, farm inputs supply, and storage and marketing of produce

The Government therefore believes that a clear, comprehensive and widely agreed National Policy and Strategic Objectives for the Cooperative Sector, implemented successfully will:

- Create an enabling environment for Cooperative enterprises which reduces the disparities between urban and rural businesses, and is conducive to entrepreneurship
- Promote the development of economically sustainable Cooperatives that will significantly contribute to the country's economic growth
- Increase the number and variety of economic enterprises operating in the formal economy;
- Increase the competitiveness of the Cooperative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets

The overriding policy goal therefore is to promote the establishment of an enabling environment for Cooperatives to contribute towards achievement of The Sierra Leone Medium-term National Development plan, build the capacity of Cooperatives to participate in sustainable development processes at the national, regional and international level and ultimately contributing to the development of sustainable livelihoods that will bring about improvements in the quality of life of Sierra Leoneans.

The Cooperatives Policy seeks to achieve a series of objectives including: -

1. To enhance the contributions of all types of registered Cooperatives in wealth creation interventions through employment creation, income generation and import-substitution programmes.
2. To create a conducive policy, legal and operating environment for the growth and development of the Cooperative sector as a whole and for different types of Cooperative societies specifically.
3. To increase Cooperatives' access to financial services from commercial banks, micro-finance institutions and other financial services providers that can add value to the quality of goods and services provided.
4. To build the capacities and core competencies of various Cooperatives to support their members with a view to improving their productivity and competitiveness in the domestic and international markets

This policy aims to address the legislative gaps to align the Cooperative laws and policies within the sector to the devolved system of governance and bring them to speed with the current trend of Cooperative Movement.

The policy objectives therefore are outlined as follows:

1: To improve the legal and operating environment of Cooperatives

Policy Elements:

- a) To a large extent, the economic successes of Cooperatives depend on the existence of a conducive operating environment. Many of the commercial laws date from the colonial era thus need urgent review to address the present economic realities. The Government needs to create new enabling legislation for the sector (streamline complexities in business registration, allow affordable tax rates for Cooperatives and establish compliance incentives). Key amongst the strategies to achieve this are – a) Overhaul the 1977 Cooperative Societies Act to reflect the new realities described in this policy document. Particularly, review the name and power of the registrar in regulating the movement and enforcement of the law.
- b) Develop a standalone enactment or subsections in Cooperative legislation and regulation for credit unions. Establish an institutional framework for facilitating Cooperative self-regulation through its structures
- c) Provide legislation for establishment of a central financial facility for financial Cooperative societies

- d) Undertake a national awareness and education campaign on the importance of the Cooperative Movement

3.2 Policy Objective 2: Promote programmes that provide opportunities for social protection, safe working conditions and financial safety for Cooperatives

Policy Elements:

- a) Social protection, safe working conditions and financial safety are prerequisites for successful entrepreneurship, especially for micro and small enterprises in the Cooperatives sector, which generally lack a full complement of the above.
- b). Support the service providers in promoting social protection and decent work principles amongst Cooperatives in accordance with principles contained in the Labour and Social Security legislation of Sierra Leone
- C. Explore means for Government and stakeholders to provide financial guarantee schemes for Cooperatives in the form of insurance for some specific aspects of their operations. This will encourage Cooperatives to develop the attitude and culture of risk-taking and risk management.

The Strategies to achieve this policy objective includes:

- a) Study practical social protection packages suitable for Cooperatives in Sierra Leone.
- b) Introduce applicable social protection programme packages to Cooperatives and sensitise them on their adoption into Cooperative operations.
- c) Organise study tours for selected leaders from some of the societies to gain practical knowledge and experience on how social protection schemes are organised and managed within Cooperatives
- d) Create linkages between Cooperatives and large-scale enterprises, including financial institutions and insurance companies by organising thematic forums to discuss the number of potential benefits that exist in partnerships between players at different levels of the economy, who must all be complementing each other's effort.

Policy Objective 3: Create an enabling environment for sustainable financial service delivery to Cooperatives at affordable and sustainable rates.

Policy Elements includes amongst other things:

- a) Promoting public policies within the financial sector and create a climate supportive of private initiatives for investments in the financing of Cooperatives.

- b) Ministry of Finance continuing to ensure that interest rates are market determined to make the financial service provision to Cooperatives are sustainable one and it will not allow any loan for Cooperatives to be given at substantially reduced interest rates that undermine the commercial financial market.
- c) Capacity building to MFIs and credit unions involved with Cooperatives should be undertaken to ensure strong administrative and financial controls as well as the unification of standards of operation and reporting to ensure commercial and social responsibility.

The Strategies to achieve this policy objective includes

- a) Using Cooperatives movable and immovable assets such as savings as collateral/security for accessing credit facilities.
- b) Encourage the commercial banks to make available, while adhering to responsible lending principles, lines of credit for wholesale lending at affordable interest rates to the Cooperatives service providers.
- c) Build partnerships between Cooperatives, service providers and insurers and investors.
- d) Encourage the creation of venture capital funds that engage in the task of identifying and providing equity finance.
- e) Establish and/or strengthen appropriate institutions/facilities to enhance extension and business advisory service delivery.

Many more policy matters are addressed accordingly including: Improve and expand on market research and access to information, Enhancing Cooperatives' access to practical technical and business management skills training and strengthen linkages between Cooperatives and formal sector *and* Establish a well coordinated marketing system to stimulate demand and supply of Cooperative goods and services.

INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION

The Cooperatives policy is designed to provide an operational framework, which guides and directs the implementation of Cooperatives' activities and significantly contribute towards the acceleration of the pace of economic growth of Sierra Leone. The Cooperatives policy should complement other sectoral policies and at the same time contribute towards employment creation, income generation and poverty alleviation. The success of the policy will be dependent on the degree of commitment demonstrated by all stakeholders from micro to macro levels.

Various role is carved out of the different player in the sector including the Government, the private sector and civil society.

The Government of Sierra Leone through the Cooperatives Department in the Ministry of Trade and Industry (MTI) will take the lead facilitating role in establishing an effective coordinating mechanism between stakeholders in the public, private and civil society sectors.

Amongst other things, as a matter of priority, Government would have to review existing legislation and procedures for the operations of Cooperatives with a view to simplifying registration procedures and all other operational matters. Formulation of National policy and legal framework for the development and growth of the Cooperatives sector. Conduct a Management and Functional Review (MFR) of the Cooperative Department to meet the modern trend of Cooperatives and make it effective in the implementation of the policy.

On the other hand, the role of MFIs, NGOs, Financial institutions and Other Civil Society Organisations is also clearly defined. *Multilateral financial agencies, local and international NGOs could play an active role in the development of Cooperatives activities through their various projects and programmes. Business Associations and NGOs can play a leading role in the implementation of the policy at the grassroots level. There may be the need to build the capacities of these associations and NGOs so as to enable them provide better services to Cooperatives. Collaboration between the associations, NGOs and public agencies in Cooperative development should be intensified especially at the grassroots level.*

Civil Society organisations have a responsibility to promote the objectives of the Cooperatives policy and action plan by organising and sensitising their members, about the greater benefits that can be accrued through Cooperative operations.

Monitoring and Evaluation

To enhance effective monitoring, This Policy Document will be subject to on-going review and enhancement. To this end, the Ministry of Trade and Industry will set-up A Policy Implementation working group to guide the process of implementation. The working group shall be drawn from relevant government agencies led by Department of Cooperatives, representatives of Cooperative movement both at national and regional level as well as Development partners

1. INTRODUCTION

1.1 Background

The Government of Sierra Leone recognises that Cooperatives can play a crucial role in the achievement of national development objectives as indicated in the Sierra Leone Medium-Term National Development Plan. The Cooperative movement can be instrumental in improving incomes and livelihood situation of their members and in promoting socio-economic development. The Ministry of Trade and Industry formulated this National Cooperative Development Policy as recognition of the changing environment in which Cooperatives shall be regulated and supervised. In Sierra Leone the Cooperative sector has a huge potential to serve as the engine of growth and to achieve the objectives of Medium-Term National Development Plan. With limited employment opportunities in the public sector, coupled with mixed fortunes in the productive sector such as agriculture, a thriving Cooperatives sector could serve as an avenue for employment, livelihood and survival. The government recognises the unique role that Cooperatives shall continue to play to bring about equitable growth and development of our people

Cooperatives have played a significant role in socio-economic development of nations for centuries and are a reminder to the international community that it is possible to pursue both economic viability and social responsibility. It is against this background that the United Nations (UN) declared the year 2012 the International Year of Cooperatives. The International Cooperative Alliance (ICA) Blue print (The 2020 Vision) anticipates Cooperatives as a business model that will provide economic, social and environmental sustainability and be the fastest growing form of enterprise. Its five (5) pillars of participation, sustainability, identity, capital and legal framework drive this. The ICA Africa Cooperative Development Strategy 2017-2020 recognizes Cooperatives as a critical vehicle towards poverty alleviation and development in Africa. As Cooperatives in Africa strive to support human development, they face various challenges such as low human resource capacity, weak economic base, extensive financial dependency from external sources, lack of internal capacity and poor governance. The strategy recognizes the sector as having high potential for facilitating financial growth and can therefore be transformed to lead social and economic development in Sierra Leone. This policy provides a conducive environment for identification and creation of synergies between the Cooperative movement and government.

Whilst investments have been made by Government, the donor community and private investors, there has not been a well-articulated policy and strategy objectives to guide the development and transformation of Cooperatives in Sierra Leone. The potential of Cooperatives in creating a forward and backward linkage between the informal/formal economy, promotion of resourced-based exports, import-substitution and the development of a culture of entrepreneurship is very great. This can also be borne out by very positive Cooperative movement experiences especially in East, Southern and Western Africa.

The Government therefore believes that a clear, comprehensive and widely agreed National Policy and Strategic Objectives for the Cooperative Sector, implemented successfully will:

- Create an enabling environment for Cooperative enterprises which reduces the disparities between urban and rural businesses, and is conducive to entrepreneurship

- Promote the development of economically sustainable Cooperatives that will significantly contribute to the country's economic growth
- Increase the number and variety of economic enterprises operating in the formal economy;
- Increase the competitiveness of the Cooperative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets
- Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co- operatives in terms of this policy;
- Enable such Cooperative enterprises to register and acquire a legal status separate from their members;
- Promote greater participation by people in rural areas, women, and persons with disability and youth in the formation of and management of co- operatives;
- Establish a legislative framework that will preserve the Cooperative as a distinct legal entity;
- Facilitate the provision of support programmes that target Cooperatives and specifically co- operatives that create employment or benefit women, youth and disadvantaged groups;
- Improve communication between government and the Cooperative movement.

The Cooperatives policy seeks to provide a conducive, stable, enabling and operating environment for all stakeholders in the Cooperatives sector in Sierra Leone. This policy promotes the view that Cooperatives are private business organizations. In order to become responsible corporate citizens, Cooperatives will be expected to promote good governance practices that will ensure their sustainable growth and development. The policy places Cooperative societies at the forefront of mobilizing savings, enhancing agricultural productivity and value addition, provision of decent and affordable housing, fighting poverty and promoting the involvement of youth and women in wealth creation and empowerment. It provides a framework for mobilizing financial and technical assistance for Cooperative development, encouraging Public Private Partnerships (PPPs) in the area of value-addition, marketing of Cooperative goods and services; public private producer partnerships (PPPP) in agricultural sector and the promotion of Cooperative education, training and research.

This policy also:

- forms the basis for the new Cooperative Act;
- defines genuine Cooperatives for targeted support purposes;
- points to specific support measures and programmes to support the development of a Cooperative movement by all stakeholders;
- serves as a reference for Cooperative members by explaining why and how the Government supports Cooperatives and by determining the relationship between the state, Cooperatives, civil society and the private sector;

- establishes a code of conduct for Cooperative promoters by stating the basic principles to be respected; and
- facilitates the horizontal and vertical integration of Cooperatives from different sectors by clarifying basic policy issues relevant to all sectors.

1.2. Cooperative Identity

The International Cooperative Alliance (ICA) defines a Cooperative is 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.

A secondary Cooperative is a Cooperative formed by two or more primary co-operatives to provide services to its members. The purpose of a secondary Cooperative is to help primary enterprises serve their members more effectively and more comprehensively. They provide services such as auditing, training, bookkeeping and advise. Primary and/or secondary Cooperatives may form a tertiary Cooperative of a specific sector or regional area.

Cooperative identity includes the Cooperative principles and values. National Cooperative policy and strategic objectives are guided by these principles and values, including most significantly, protecting and fostering the autonomy of Cooperatives. As part of the international Cooperative movement, all Cooperatives in Sierra Leone conduct their business in accordance with internationally shared Cooperative principles and values.

Without limiting the number and variety of different kinds of Cooperatives, various kinds and types of Cooperatives include:

- Agricultural Cooperatives
- Industrial Cooperatives;
- Fisheries Cooperatives
- Handicrafts Cooperatives
- Housing Cooperatives
- Transport Cooperatives
- Credit Unions (Savings and Credit Cooperatives)
- workers' Cooperative;
- Non-profit social Cooperative;
- consumer Cooperative
- Marketing and supply Cooperative.
- Health Cooperatives
- Insurance Cooperatives

Types	Purpose
1. Agricultural	Owned by farmers to help producers assure markets and supplies, achieve economies of scale, and gain market power through jointly marketing, processing, bargaining, purchasing supplies and services i.e., poultry farmers, tomato growers, etc.
2. Savings and Credit/ Credit Unions	Savings and Credit Cooperatives, otherwise Known as Credit unions are owned by their members to provide at-cost financial products and services to their members.
3. Manufacturing	Owned by manufacturers to manufacture high quality goods at a lower cost for members. E.g., palm oil processors, distillers, block makers, etc.
4. Marketing	Owned by producers of commodities or crafts who have joined forces to process and market their products. Marketing Cooperatives assemble process, pack and sell members' products in both

	domestic and foreign markets. The level of service provided depends on member needs and the product. E.g. crafts work, etc.
5. Consumer	Owned by consumers who buy goods or services from their Cooperative aimed at obtaining lower prices and greater control over product range and control. E.g., Food Cooperatives, retail stores, rice distributors, fertilizer distributors, etc.
6. Service	Owned by service providers to provide members with specialised services, i.e., hair dressing, dress making, tailoring, carpentry, etc.

1.3. Cooperative values and Ethical Beliefs

Cooperatives are based on the values of self-help, self-reliance, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, Cooperative members believe in ethical values of trust, honesty, openness, social responsibility and caring for others.

1.4. Core principles of Cooperatives

The Cooperative principles are the universally accepted guidelines by which Cooperatives put their values into practice. They are as follows:

Voluntary and open membership

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

Democratic member control

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

Member economic participation

Members contribute equitably to, and democratically control, the capital of their Cooperative. At least part of that capital is usually the common property of the Cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their Cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the Cooperative; and supporting other activities approved by the membership.

Autonomy and independence

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

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their Cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

Co-operation among Cooperatives

Cooperatives serve their members most effectively and strengthen the Cooperative movement by working together through local, national, regional and international structures.

Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

1.5. Justification for Policy Review

This policy has been necessitated by the changing socio-economic and political environment, innovations, emerging trends and national development priorities and challenges. The policy is aligned to the national development priorities among them, Sierra Leone Medium-Term National Development Plan 2019-2023 which is based on a New Direction for Improving People's Lives through Education, Inclusive Growth, and Building a Resilient Economy.

International development programmes such as the ICA Statement, the UN Guidelines and the ILO R. 193, the Sustainable Development Goals (SDGs), Africa Union Agenda 2063, ICA Blueprint 'Vision 2020', International Cooperative Alliance (ICA), Africa Cooperative Development Strategy 2017-2020, and World Council of Credit Unions (WOCCU) prudential guidelines and strategies are also important in the development of the Cooperative Movement

The governments appreciate Cooperative societies' immense potential for wealth and employment creation, environmental management, social inclusion and integration. Cooperatives play a major role in the development of agriculture, financial services, housing, trade, manufacturing, transport, among other sectors of Sierra Leone's economy. Therefore, this policy will create a favourable environment for realizing improved efficiency and profitability of Cooperatives

The vision

The vision of the policy is to promote "An autonomous and economically viable Cooperative movement founded on the Cooperative values and principles and is able to enhance social integration, uplifting the standard of living of its members and sustainable Cooperative enterprise in the country."

1.6 Policy Goal

The overriding policy goal is to promote the establishment of an enabling environment for Cooperatives to contribute towards achievement of The Sierra Leone Medium-term National Development plan, build the capacity of Cooperatives to participate in sustainable development processes at the national, regional and international level and ultimately contributing to the development of sustainable livelihoods that will bring about improvements in the quality of life of Sierra Leoneans.

1.7 Objectives

The Cooperatives Policy seeks to achieve the following objectives: -

1. To enhance the contributions of all types of registered Cooperatives in wealth creation interventions through employment creation, income generation and import-substitution programmes.
2. To create a conducive policy, legal and operating environment for the growth and development of the Cooperative sector as a whole and for different types of Cooperative societies specifically.

To create a standalone enactment or a subsection in the revised Cooperative Act for credit unions, given that they differ from other types of Cooperatives. The credit union specific legislation and regulation should recognise credit unions as requiring suitable regulation to enable the movement to grow and flourish therefore enabling the achievement of policy objectives including wealth creation interventions.

3. To increase Cooperatives' access to financial services from commercial banks, micro-finance institutions and other financial services providers that can add value to the quality of goods and services provided.

4. To build the capacities and core competencies of various Cooperatives to support their members with a view to improving their productivity and competitiveness in the domestic and international markets.

5. To help provide social protection, safe working conditions and financial safety for members.

6. To help establish strong and viable Cooperatives of all types that support members to graduate into small, medium and large enterprises in the formal sector mobilizing human, financial and material resources.

1.8. Theme of the Policy

The theme for the policy is, "Promoting Cooperative Societies for Sustainable Development. It is based on the realization that there are many benefits that will accrue through a well-structured Cooperative system. The benefits include: equitable distribution of wealth, job creation especially in rural areas, savings mobilization, decent and affordable shelter and access to education and health care, increased producer prices for raw materials, market systems development, indigenization of the economy, and the growth of exports, amongst others. In addition, the Cooperative sector plays an important role in value addition through increasing business development services and adopting ICT and other appropriate technologies.

1.9 Scope of the National Policy and Strategic Objectives for the Cooperative Sector

This Government National Policy and Strategic Objectives for the Cooperative Sector applies to all types and forms of co-operatives. Cooperatives in Sierra Leone have been identified as struggling for survival and lacking training. The type of support needed is that which will strengthen these Cooperatives in the form of building their capacity, financial support and assistance with marketing. Some of these Cooperatives will require support for expansion and modernizing their operations.

Support for this sector is mostly emphasized in the policy. Thus, the National Policy and Strategic Objectives for the Cooperative Sector focus on emerging Cooperatives as an important, albeit needful, category of Cooperatives that deserves special attention.

SITUATION ANALYSIS**2.1 Introduction**

This chapter discusses the current Cooperative landscape and identifies the gaps that the policy intends to address.

2.2 General Perspective

Globally, Cooperatives are seen as a business model that provides economic, social and environmental sustainability. The ICA (2018 Monitor) reported that the top 300 Cooperative societies were operating in insurance 32%, agriculture 35% wholesale and retail 19%, banking and finance 8%, industry and utility 2%, health, education and social care 2% and other sectors 2%. The same report indicates that these societies had collective revenues of over USD 2 trillion.

Statistics Sierra Leone, National Accounts and Economic division (2018-2019) reports indicates that After Sierra Leone economy entered into recession by recording a negative growth rate of 20.5 percent in 2015 due to the twin shocks of Ebola Virus Disease (EVD) in 2015 and the drop in the international commodity prices in 2014.

The economy recovered sharply to 6.3% growth rate in 2016 and slow down to 3.8% and 3.5 percent in 2017 and 2018 respectively.

However, since the fourth quarter of 2018, the economy grew to 5.4% due to growth in Agriculture and industrial activities. In 2019 the economy also grew by 5.4% showing a strong recovery from 2018.

Cooperatives contribution to the growth in the economy can be attributed to the performance of Credit Unions in the financial sector and mostly smallholder farmers Cooperatives in the Agriculture sector who are engage in various value chains that involve cash crop production, processing and Marketing.

Nationally, In Sierra Leone, there are five hundred and eight two (582) registered Cooperatives with a total membership of twenty-two thousand (22,000) individual members. Credit Unions 32, Agriculture Cooperatives 300, fishing Cooperatives 60, Arts and Crafts 2, Workers Cooperatives 10, Housing Cooperatives 5, Mining Cooperatives 10 and Marketing Cooperatives 163. These Cooperatives were active in financial intermediation, agricultural produce marketing. However, the sector has faced a number of issues that have affected their operations. Credit Unions are the main vibrant form of Cooperatives with structure in place. Cooperatives have been strong in financing education, agriculture, housing, transport, health and commercial societies. In addition, Cooperatives are at the heart of rural economies in the country where smallholder agriculture is the mainstay of communities. Cash crop farming especially coffee, cocoa, rice, Cassava, and ground nuts are largely carried out by smallholder farmers. The opportunities available for Cooperatives include financial intermediation, farm inputs supply, and storage and marketing of produce

The Cooperative movement reached its peak in 1970s with almost 2,070 registered Cooperatives, a National Cooperative Congress (NCC), a National Thrift and Credit Association (NASCLOS) and a National Cooperative Development Bank (NCDB). However, in the early 1980s cracks began to show in the movement as excessive reliance on government support led to government interference in some cases and to weak internal capacity in others.

With the end of the rebel war, a program of Cooperative revitalization was undertaken by MTI and the Cooperative Department. This is a credit led initiative, supported primarily in the fishing industry, by the African Development Bank (AfDB) and, to a lesser extent, by the Government of Sierra Leone (GoSL). Attracted by the promise of credit access, almost 800 Cooperatives have been established or revitalized, more than three-fourths of which are new

Cooperatives. In addition, INGOs and even other government departments are establishing Cooperatives that are not being registered with the Department of Cooperatives, thus the true size of the Cooperative movement is not known

2.3 Legal and Regulatory reforms.

A Cooperative ordinance, drafted in 1939 and brought into effect by an Act of Parliament in 1949, set the stage for the Cooperative movement in Sierra Leone; however, the first Cooperatives were not registered until 1954. The current governing legislation for Cooperatives in Sierra Leone is The Cooperative Societies Act, 1977 (the "Act"). This legislation is an amalgam of English Cooperatives' legislation from the 1940s and legislation, based on the English model, in India in the 1940s. It is very well written and clear but, compared with current Cooperative legislation in North America and Europe, it is "old style." Since the Cooperative Act was enacted in 1977 it has not been amended.

A review of the Sierra Leone Act demonstrates that the Registrar is the overarching supervisory authority of Cooperatives. The Act is replete with provisions that bestow upon the Registrar significant, and complete, authority ranging from the creation of Cooperatives, through to their governing and ultimately their cessation through winding-up. Some of the powers of the Registrar are in conflict and should be reviewed to remove contradictions.

Being cognizant of the devolved system of government, the policy lays the ground for the review of the legal and regulatory framework to facilitate the growth and development of the Cooperative movement. The policy is life to the fact that Cooperatives are private institutions that play an important role in public mobilization to stimulate economic growth.

In this regard, this policy aims to address the legislative gaps to align the Cooperative laws and policies within the sector to the devolved system of governance and bring them to speed with the current trend of Cooperative Movement.

2.4. Department of Cooperatives

The Sierra Leone government was intensively involved in the movement through the Department of Cooperatives under the Ministry of Trade and Industry (MTI). A staff of almost 400 people promoted, registered, monitored, supervised, trained, and provided credit to primary and secondary societies. The Department of Cooperatives even assisted in paying salaries of some Cooperative managers and ran a Cooperative college in Kenema. Department of Cooperatives staff were regularly sent abroad for long term study and Cooperative managers also had opportunities to participate in international study tours. The Department of Cooperative, although seriously under resourced, is the strongest support system available to the movement

In 2012, in order to revive the Cooperative movement, government of Sierra Leone recruited 32 new staff as Assistant Registrars and Cooperative Inspectors. Ten (10) Assistant Registrars and Cooperative Inspectors twenty-two (22), however by August 2020, there is only (18) Assistant Registrar and Cooperative inspectors remaining. Majority have resigned or moved to other ministries, Departments and Agencies. DoC is headed by Registrar of Cooperatives and Deputy Registrar however those positions have been held in acting capacity for a long time of which some were appointed as Acting Registrars when left with few years to retirement. This has partly retarded the affairs of the Department.

There is need for Management and Functional Review (MFR) on the Cooperative structure to meet the modern trend of Cooperatives and to enhance the effective implementation of this policy.

Department of Cooperatives provides the following services to Cooperatives societies;

- a. Formation of Cooperatives
- b. Registration of Cooperative societies

- C. Approval of amended by laws
- d. Audit, Inspection and Inquiries
- e. Approval of borrowing powers
- f. Issue of surcharge orders
- g. Supervision
- h. Arbitration of Cooperatives
- i. Cooperative Policy Development
- j. Education and Training
- h. Dissolution of a registered society

Due to limited resources, DoC has not been able to carry out most of its functions. They have been reduced to registration of Cooperatives without thorough review of their address and governance structure which has resulted to several registered Cooperatives which cannot be traced. Most Cooperatives have been registered Due to lack of a clearly coordinated regulatory regime, some Cooperative societies' leaders have taken advantage of the situation to approach the different levels of government in pursuit of their personal interests and usually at the expense of accountability. The staff have not received proper training and exposure to be able to perform their work.

There are inherent conflicts in these roles. Effective regulation requires arm's length monitoring and independent review and auditing. The same Department that promotes, educates, and develops Cooperatives cannot do objective monitoring and supervision. This potential conflict applies to the Department and Registrar's involvement in the co-op movement as well as the Co-op Bank. The role of the Department and Registrar should be revised and clarified and sufficient budget and appropriate human resources allocated to achieve those roles.

2.5. Cooperative Sector review

Marketing Cooperatives, prevalent in rural areas, were the first primary societies to be established. These Cooperatives, tied with government managed systems of food production, access and distribution, were focused on production of basic food crops for local consumption. The marketing Cooperatives also carried out some export through the Marketing Cooperative Federation. Establishment of marketing Cooperatives was followed by thrift and credit societies, which were more successful at the outset than marketing Cooperatives. While stories abound of people who built houses, improved livelihoods and even attended university as a result the benefits of Cooperative membership, many cases of Cooperative mismanagement requiring the intervention of the Cooperative Department are also recalled. The majority of Cooperatives operating today are primarily thrift and credit societies although most have registered or re-registered as multipurpose Cooperatives (MPCSS) to position themselves to receive assistance from a variety of government and donor programs.

Various support structures were established during the 1970s. The National Cooperative Development Bank (NCDB) was established in 1971 to manage liquidity for the movement and attract outside assistance and funding. The National Savings and Credit Cooperative League of Sierra Leone (NASCLOS) was established in 1974. NASCLOS provided training and insurance services to members but did not provide loans to primary societies. All savings and lending services were managed by the NCDB. A National Cooperative Congress (NCC) was established in 1980. NCC was a successor organization to the Cooperative Marketing Federation that was established in the 1970s to market agricultural commodities. The NCC was an active participant in the pan-African and international Cooperative movement with membership in the International Cooperative Alliance (ICA) while NASCLOS was a member of the African Congress of Savings and Credit Cooperatives (ACOSCA). A number of Cooperative leaders participated in foreign training and direct relations between individual Cooperatives

and international Cooperatives, such as the Sierra Leone Dockworkers Multi-Purpose Cooperative Society (SALDOCS) and the Philippines.

Although the collapse of the Cooperative movement is popularly attributed to the civil war, the movement had clearly been in decline for some time before hostilities began. NASCLOS was restructured in 1980 with assistance of United States Agency for International Development (USAID) and the World Council of Credit Unions (WOCCU) but effectively stopped functioning in 1995 and formally ceased operations with the death of the manager in 1999. NCC held its last general membership meeting in 1988. ICA membership has been in default since NCC collapsed; this coupled with the onset of civil war in 1991 has resulted in total isolation of the Sierra Leone Cooperative movement for more than 30 years. The decline of the Cooperative movement coincides with reduction in services by the Cooperative Department indicating that Cooperatives were heavily reliant on government for management support and had not achieved the maturity required for sustainability. Since 2000 there has been a revival of the Cooperative movement largely driven by the promise of credit access.

Sierra Leone Medium-Term National Development Plan recognize to Strengthen Cooperative farming (i.e., farmer-based organizations) and build the capacity of Agricultural Business Centres (ABCs), to promote integration into agricultural value chains. Agriculture is the main source of livelihood in Sierra Leone, particularly for the poor, and therefore improving agricultural productivity for food security and rural income generation is critical for poverty alleviation Constraints to agriculture productivity. It remains the dominant sector in the economy, contributing more than any single sector to the Gross Domestic Product (GDP) Employing more than half of all rural residents, and contributing more than 50percent of export earnings. Employment by the Agriculture sector may therefore lead to improve standard of living of people, reduce poverty, hence development.

According to data collected in the 2015 Comprehensive Food Security and Vulnerability Assessment, the most commonly cited constraint by farmers was the lack of access to improved seeds. Overall, when asked to identify the top three constraints to increasing agricultural production, 45 percent of farmers cited the unavailability of improved seeds, 41.5 percent cited lack of access to credit, 39 percent cited the Ebola outbreak, 31.5 percent cited insufficient household labour, 27.7 percent cited pests or crop disease, 24.7 percent cited a lack of tools, and 19.1 percent cited the unavailability of fertilizers. Farmer Cooperatives have a big role to play to help their members overcome the above constraints. The sector directly contributes to the national economy through enhancing food security, income generation, employment, wealth creation, and poverty reduction, and has the potential for industrial development and ensuring equitable distribution of resources. Its share of GDP averages between 40 to 50 percent, and it provides employment to approximately two thirds of the population

Creating a favourable and responsive climate for Cooperative development: The development of the private sector as the engine of sustainable growth and development will be slowed in the absence of an organised and responsive Cooperative sector. There are huge potentials for partnership and linkages between Cooperatives and large enterprises. There needs to be a favourable and responsive climate for Cooperative development and this should include:

- a) Policies, legislation and institutional consideration for the needs of Cooperatives;
- b) Provision of appropriate infrastructure to reduce cost and enhance the quality of goods and services provided by Cooperatives;
- c) Increased investment in productive enterprises, with active private sector participation;
- d) Establishment of a quality standard procedure to ensure that Sierra Leonean products and services meet international standards;

Development of a culture of enterprise and supporting technical and vocational pursuits in the education system

In 2011, Sierra Leone started Credit Union with the aim of promoting saving and credit to its members with support from Canadian Cooperative Association and Irish League of Credit Foundation. This was after the collapse of multipurpose Cooperative. In 2013, Credit Unions came together to form their national Apex body National Cooperative Credit Union Association (NACCUA SL). The credit Union movement has over 10,000 members with Le 5,900,000,000 in saving, Le 1,500,000,000 in share capital and Le 6,300,000,000 in outstanding loan balance.

Credit Unions should be recognised as a separate type of Cooperative and therefore warrant standalone enactment or subsections in Cooperative legislation and specific regulation. An ultimate objective of the credit union movement in any jurisdiction should be the enactment of a specific enabling law for credit unions. While credit unions are Cooperative organisations, their specialisation in financial services makes them different in many significant respects from other Cooperative societies and credit only microfinance institutions. General Cooperative societies Acts which govern the business operations of agricultural, consumer, commercial and industrial Cooperatives are usually inadequate for credit unions, which are depository institutions whose business operations most closely resemble banking institutions. Unlike microfinance institutions, credit unions mobilize members' savings in the form of withdrawable deposits. To assure the members that these deposited funds are safe, credit unions require a specialized system of examination and regulation that is not needed by other Cooperative sectors.

NACCUA (the National Association for Cooperative Credit Unions) has developed itself as a vibrant and effective apex organisation for credit unions nationwide. NACCUA, alongside its development partners, currently provides advocacy, educational and business advisory support tailored to the needs of the credit unions and the movement. Therefore, it is fitting that this Policy should recognise the role of NACCUA in credit union development.

Unlike Credit Unions, other Cooperative sectors don't have organized apex bodies and they don't have data to report about their progress. This policy should recognize the role of having Apex body for every sector and National Cooperative Congress.

National Cooperative Development Bank.

The NCDB was established in 1971 as a Central Financial Facility and registered under the Cooperative Societies Act with the purpose of managing liquidity for primary societies and attracting external investment and support to the sector. Accordingly, the bylaws allowed savings mobilization from non-members, both individual and corporate. NCDB also had a mandate to establish a Supervisory service. Membership in NCDB was unrestricted provided that the person, organization, institution or society was deemed by the Registrar to be conducive to the objects of the society. In practice however, the majority of shareholders are primary societies. In 1992 the NCDB also registered under the Companies Act. The previous registration as a Cooperative Society was not cancelled. By 2006 NCDB did not meet any of the regulatory requirements under the Banking Regulations, 2003. The mismanagement of NCDB led to its collapse. At the time of collapse, the bank had only building which was donated to them by ministry of Trade and Industry under its name.

2.6. Cooperative Structure

The Cooperative movement in Sierra Leone operates on a three-tier structure where societies are classified as either primary, union (Apex), national congress. From the outset, this structure was meant to:

- a) Provide a viable economic unit capable of providing the services to members;
- b) Facilitate proper integration and modernization of the economy;
- c) Exploit the economies of scale to ensure the highest possible returns to members;
- d) Align each Cooperative sub-sector with a national Cooperative union to coordinate activities of its affiliates nationally and internationally; and
- e) Have a strong apex organization to lobby and articulate the interests and concerns of the Cooperative movement at district, National and International levels.

At the lowest level of the structure are the primary Cooperatives that are formed by individual persons usually as a single purpose or single product enterprise. In order to enhance economies of scale.

Currently we have primary Cooperatives and only Credit Unions have national Association (NaCCUA SL). At the apex there should be the National Cooperative Congress of Sierra Leone which is in "sleeping mode" that is meant to be the custodian of the Cooperative principles and values in the country. This structure as it exists today cannot effectively serve the movement in the current economic environment.

A strong and viable apex organisation: In order to address the diverse development needs of the different types of Cooperatives in Sierra Leone, it would be important that Cooperatives form a vibrant and effective Apex Organisation.

2.7. Education and training

Education, training, and research is one of the seven Cooperative principles whose objective is to empower the membership and build the capacity of the Cooperative leadership, management and employees to enable them carry out their respective roles effectively. Education and training have been proliferated due to lack of proper guidelines/curriculum in the sector leading to lack of standardized material being disseminated to Cooperative leaders and members. It is appreciated that the Department of Cooperatives has conducted education and supported development of Cooperatives while co-ops did not/could not develop the capacity within the movement. However, Sierra Leone is entering a new era of economic and social development, aiming for sustainable development, as such the Cooperative movement should now be restructured placing movement development in the hands of Cooperatives and government can assume the key role of registration and supervision. Lack of professionalism in the Cooperative movement has been a critical gap that has affected service delivery to members.

The sector lacks credible data or data resource center which hampers research, policy formulation and training. Continuous research on emerging applicable technologies and issues is critical in propelling the Cooperative movement towards undertaking sustainable development.

2.8. Cooperative Governance and Enforcement

Through various legal interventions the national government has encouraged good corporate governance practices in the Cooperative movement. This has resulted in substantial gains in the development of Cooperative leadership and governance. However, incidences of poor governance are still experienced in some Cooperative institutions, which have led to misapplication and mismanagement of resources, and cases of collapse of Cooperative institutions. This has been brought about by ineffective leadership micro-management of the societies by the boards, unethical business practices, and inadequate application of good financial management and lack of effective member participation. The management of Cooperative societies is vested in the duly elected committees and employees that are

expected to perform their duties prudently and diligently on behalf of the members to whom they stand accountable and responsible. Poor governance is one of the greatest challenges to the management, stability, sustainability and growth of the Cooperatives sector in Sierra Leone. Bad governance and corruption have negatively affected the operations and revenues of the Cooperatives. Cooperatives as private enterprises offering public good require mechanisms that promote good governance for transparency and accountability to secure public confidence in their operations.

There is need to have strong regulation which can help in enforcement of good governance in Cooperatives.

2.9. Cross Cutting Issues

The Cooperative sector will be supported to reach a greater number of people. Opportunities for growth and sustainability of the Cooperative movement will be further

Realized by leveraging on the following growth areas: youth and women, special interest groups, environment

2.9.1 Gender main streaming in Cooperatives

Recognition of the importance of capacitating women and youth: Women and youth constitute more than half of the able-bodied population. Through various projects, both have shown an ability to form themselves into groups/associations similar to Cooperative societies. Currently Women are estimated to be over 20% in Cooperative movement however in Credit unions, women constitute over 60% of membership. This was possible due to special programs that have attracted women participation in Credit unions such as graduation microfinance and financial literacy program where more than 80% of beneficiaries were women. In leadership, it is estimated that women constitute less than 10% in all Cooperatives though in Credit Unions, women are at least 30%. There is recognition among development experts that women are central participants in the socio-economic development process. There is a growing consensus that women's greater involvement in all aspects of development programmes is extremely important for the rational utilization of development resources which has hitherto remained under estimated and neglected. Through Cooperatives women are able to respond to both practical and strategic needs as they are provided with opportunities to access common production resources (such as credit, land, marketing facilities, infrastructure, tools, and technology), which increase their income. By forming themselves into Cooperatives, women can also benefit from economies of scale and improve their access to open market

This policy will promote women participation in Cooperatives with gender equality of where women constitute a minimum of 30% in all leadership position and their economic empowerment will be promoted Cooperatives.

2.9.2 Youth in Cooperatives

The National youth policy and the National youth commission Act, 2010 defines youth as those between the Age of 15-35 years of Age. The group constitutes of about 34% of Sierra Leoneans. The total number below the age of 35 years is about 73%, the majority of which are under 15 years.

There is therefore a need to assist such vulnerable groups such as the Rural and Urban Youths engage in agro-based activities for example urban farming and marketing commodities, unemployed young people, formally employed and informally employed youth for example ghetto youth, bike riders with a well-designed and customised Cooperatives programmes and

incentive systems. Cooperatives should promote the national youth service by engaging the youth in various activities and availing them an opportunity to learn and develop their skills. As part of the broad base strategy to support youth empowerment and entrepreneurship for the domestic economy, Government of Sierra Leone(GOSL) , the Ministry of Youth affairs, Trade and development partners will support the development of Cooperative programmes targeted at strengthening the capacities of youths in small business mainly in the informal sector such as Bike riders, car wash, through new forms of public private partners mechanism of tracking transition of large numbers of young women and men from informal sector based on survivalist approach, low remuneration activities which include petty trading and other welfarist activities to higher return and more viable activities. It will enhance good entry point for youth to access viable business opportunities through the Cooperative model.

2.9.3 Climate Change

Cooperatives under the principal of the concern for the community should be in the forefront in mitigating against climate change. However, cases have been noted, where many Cooperatives are polluters to the environment especially agricultural Cooperatives. Cooperatives are expected to play a leading role in protection of environment and adaption of green technologies

2.9.4 People with Special Needs

Cooperatives recognize the need to encourage people with special needs to join and use services and products offered. No one should be discriminated based on physical appearance as per the first Cooperative principle which talks about Open and voluntary membership.

3.0 COOPERATIVES POLICIES AND STRATEGIES

3.1 Policy Objective 1: To improve the legal and operating environment of Cooperatives

Policy Elements:

To a large extent, the economic successes of Cooperatives depend on the existence of a conducive operating environment. Many of the commercial laws date from the colonial era thus need urgent review to address the present economic realities. The Government needs to create new enabling legislation for the sector (streamline complexities in business registration, allow affordable tax rates for Cooperatives and establish compliance incentives).

The most important of these are as follows.

a) Administrative and regulatory environment:

Government should create an appropriate administrative environment taking into account the level of development and capacity of Cooperatives to avoid unnecessary administrative and financial burden. As regard the legal environment, current legislation which in the Cooperatives Act of 1977 must be fully revised in order to bring it in line with modern day Cooperative practices. The legislation should subscribe to the empowerment and growth of Cooperatives in order to ensure that competition freely takes place in which new and emerging players are accorded the opportunity to enjoy a conducive operating environment. To this end the current Cooperatives department which is under the Ministry of Trade and Industry will be restructured and strengthened to enable it more effectively supervise Cooperatives in Sierra Leone.

b) Fiscal Environment:

Business Development Service (BDS) providers, advocacy groups and Cooperatives together with Government must examine how fiscal policy can be used to enhance job creation and value enhancement of primary products. Amongst others, is the reduction of taxation on labour intensive services and agro-based value-added processing activities, which have potential to create demand and new jobs.

c) Financial environment:

Enhance access to credit facilities especially for business start-up activities undertaken by Cooperative Societies. Create incentives in business financing (development loans, guaranteed funding schemes and mutual guarantee schemes, special concessionary loans). Enhance partnership building between foreign and local entrepreneurs in order to facilitate Cooperatives' access to capital resources. Raise Cooperatives awareness and link them to financial support institutions.

d) Technical environment:

Continuous advisory services are essential to growth and sustainability of Cooperatives. Government, through the Cooperative Department of The Ministry of Trade and Industry should develop performance indicators for BDS providers to monitor effectiveness of the services being provided to Cooperatives.

e) The educational environment

The importance of the Cooperative movement should be included in the secondary school curriculum and tertiary education so that awareness of and interest in Cooperatives beginning at an early age and later stages in life. Introduction within the education system will make it easier for strong and viable Cooperatives to be formed. This educational aspect should also include encouraging the formation of work-based Cooperatives.

3.1.1. Strategies:

- e) Overhaul the 1977 Cooperative Societies Act to reflect the new realities described in this policy document. Particularly, review the name and power of the registrar in regulating the movement and enforcement of the law.
- f) Develop a standalone enactment or subsections in Cooperative legislation and regulation for credit unions. Establish an institutional framework for facilitating Cooperative self-regulation through its structures
- g) Provide legislation for establishment of a central financial facility for financial Cooperative societies
- h) Undertake a national awareness and education campaign on the importance of the Cooperative Movement
- i) Hasten the strengthening and restructuring of the Cooperatives Department which provides oversight, regulation and supervision of the activities of the Cooperative Societies.
- j) Facilitate the creation of an Apex organisation, for those that do not exist, that would articulate the concerns of the Cooperative Societies to Government and external development partners.
- k) Address those macroeconomic issues which affect the growth of the Cooperatives sector including the strengthening of public finances, and monetary policy to stabilise prices and reduce the discount rate which have direct bearing on the ability of Cooperatives to access the formal financial sector.
- l) Establish and support intergovernmental sectoral forums to discuss and resolve issues in the Cooperatives sector for harmonious relations and growth in the Cooperative movement.

3.2 Policy Objective 2: Promote programmes that provide opportunities for social protection, safe working conditions and financial safety for Cooperatives

Policy Elements:

- b) Social protection, safe working conditions and financial safety are prerequisites for successful entrepreneurship, especially for micro and small enterprises in the Cooperatives sector, which generally lack a full complement of the above.

b). Support the service providers in promoting social protection and decent work principles amongst Cooperatives in accordance with principles contained in the Labour and Social Security legislation of Sierra Leone

C. Explore means for Government and stakeholders to provide financial guarantee schemes for Cooperatives in the form of insurance for some specific aspects of their operations. This will encourage Cooperatives to develop the attitude and culture of risk-taking and risk management.

3.2.1. Strategies:

- e) Study practical social protection packages suitable for Cooperatives in Sierra Leone.
- f) Introduce applicable social protection programme packages to Cooperatives and sensitise them on their adoption into Cooperative operations.
- g) Organise study tours for selected leaders from some of the societies to gain practical knowledge and experience on how social protection schemes are organised and managed within Cooperatives
- h) Create linkages between Cooperatives and large-scale enterprises, including financial institutions and insurance companies by organising thematic forums to discuss the number of potential benefits that exist in partnerships between players at different levels of the economy, who must all be complementing each other's effort.

3.3. Policy Objective 3: Create an enabling environment for sustainable financial service delivery to Cooperatives at affordable and sustainable rates.

Policy Elements:

- e) The Government of Sierra Leone will promote public policies within the financial sector and create a climate supportive of private initiatives for investments in the financing of Cooperatives.
- f) Ministry of Finance will continue to ensure that interest rates are market determined to make the financial service provision to Cooperatives are sustainable one and it will not allow any loan for Cooperatives to be given at substantially reduced interest rates that undermine the commercial financial market.
- g) The Cooperative legislation will ensure that Cooperative Societies promote savings culture among its members and develop mechanisms for deposit insurance for the Cooperatives members' savings.
- h) The Government of Sierra Leone will encourage the establishment of micro-insurance schemes for lending to Cooperatives, as well as support new initiatives.
- i) Capacity building to MFIs and credit unions involved with Cooperatives should be undertaken to ensure strong administrative and financial controls as well as the

unification of standards of operation and reporting to ensure commercial and social responsibility.

- j) The private sector and development partners should provide grants and technical assistance for non-financial requirements where needed such as Cooperative training and business advisory services but should scale back subsidies gradually as Cooperatives and other local providers become stronger.
- k) Commercial banks should be encouraged to provide wholesale credit at affordable interest rates to Cooperatives via MFIs
- l) Build the capacity of Cooperatives in risk management, including credit risk, liquidity and asset/liability management, as well as their overall financial management competency.

3.3.1. Strategies:

- f) Develop capacity building programmes in risk management, including credit risk, liquidity and asset/liability management, as well as their overall financial management competency.
- g) The Cooperatives Department of The Ministry of Trade and Industry to maintain computerised management information systems to be able to track all data for Cooperative movement.
- h) Using Cooperatives movable and immovable assets such as savings as collateral/security for accessing credit facilities.
- i) Encourage the commercial banks to make available, while adhering to responsible lending principles, lines of credit for wholesale lending at affordable interest rates to the Cooperatives service providers.
- j) Build partnerships between Cooperatives, service providers and insurers and investors.
- k) Encourage the creation of venture capital funds that engage in the task of identifying and providing equity finance.
- l) Establish and/or strengthen appropriate institutions/facilities to enhance extension and business advisory service delivery.

3.4. Policy Objective 4: Improve and expand on market research and access to information.

Policy Elements:

- a) Market research helps to improve understanding of the market through providing information on various players, their activities, constraints and potential opportunities.

Market research in Sierra Leone for Cooperatives products will therefore be further reviewed in order to improve on the frequency, methodology and application in a more co-ordinated, cost-effective and client-oriented manner.

- b) Research must be anchored on good documentation. Therefore, the importance of better upkeep and maintenance of records cannot be over-emphasised. In view of this, results of market research will be well maintained, frequently updated and made easily accessible to the public at large.
- c) For market research to be of any use, information derived from such an activity must be disseminated through the right channel and in the right form for the right audience. Effective strategies and communication channels will be explored to enhance the effective and efficient dissemination of relevant market information in the timeliest manner.
- d) Development of an effective national data base for Cooperatives through a data analysis system (CODAS) which will be important for planning purposes and easy access to market information on Cooperative product and services.
- e) Work with Statistics Sierra Leone to get all data related to Cooperatives, gender, social and economic wellbeing

3.4.1. Strategies:

- a) The establishment of union for marketing Cooperatives will help to effectively plan and coordinate market research activities.
- b) Institute and/or expand functional adult literacy and skills training facilities for Cooperatives with emphasis on the importance of record-keeping.
- c) The Cooperatives Department together with Union of Marketing Cooperatives shall establish market information centres at strategic locations throughout the country to enhance easy access to timely and reliable market information.
- d) Specific training programmes for business extension field staff will be carried out on market survey techniques and methods through the adoption and application of participatory methodologies that are client- friendly.
- e) Create stronger linkages between the Cooperatives sector and the media (electronic and print), local theatre groups and/or traditional communicators to assist in disseminating information on Cooperative activities.
- f) Conduct social marketing surveys, mass media promotional activities to raise public awareness campaigns.

3.5 Policy Objective5: Enhance Cooperatives' access to practical technical and business management skills training and strengthen linkages between Cooperatives and formal sector.

Policy Elements:

- a) Government, NGOs/civil society groups and the private sector institutions must feel the need to develop the human resource base of the Cooperatives sector and respond adequately in addressing it with appropriate incentives packages for personnel.
- b) Capacity building of Cooperatives so as to provide relevant skills that would make products and services offered by the Cooperatives Societies competitive in both the domestic and international markets. The emphasis should be on practical skills transfer.
- c) A national skills training needs assessment for Cooperatives should be conducted in the light of the important role Cooperatives could play in the national economy. Such a task can be undertaken by the Ministry of Trade and Industry or the Consultancy Units at the University Sierra Leone or independent service providers.
- d) Sensitization needs to be conducted to the informal sectors about Cooperatives and the benefit they get after transforming into Cooperatives so that they can formalize their enterprises.

3.5.1. Strategies:

- a) Promote vocational and technical skills apprenticeship programmes, which are tailored to building competencies amongst Cooperatives.
- b) Encourage business training in schools and tertiary institutions in order to develop business skills and attitudes amongst Sierra Leoneans. Develop business curricula for schools and universities, formal and informal training centres. Translate training manuals into local languages for use by non-formal learning centres and private individuals.
- c) Organise and implement national as well as international study tours/exchange visit programmes for selected members and personnel in the Cooperatives sector in order to enhance the learning of new production technologies, product designs and their application.
- d) Promote awareness of Cooperatives through the mass media (TV, Radio, Newspapers, etc.) by covering and providing a documentary of their economic activities stressing the positive attributes of Cooperatives.
- e) Strengthen the National Congress and Apex to deliver/facilitate effective training, extension and business advisory services.
- f) Provide education and training to newly registered Cooperative is registered so that they can understand the sector properly.
- g)) Integrate the Cooperatives data and statistics into the National data through the Statistics Sierra Leone

3.6. Policy Objective 6: Establish a well co-ordinated marketing system to stimulate demand and supply of Cooperative goods and services.

Policy Elements:

- a) Improve Cooperatives' access to markets and ability to compete through the provision of various strategic and operational business development services
- b) Raise Cooperatives awareness of the potential benefits of Business Development Services (BDS') and incentives as motivating factors.
- c) Introduce new ways of doing business, develop new products/services as well as technical assistance, training and other capacity building ventures for the BDS providers to enable them reach previously under-served populations.
- d) Marketing is a key element of the engine of growth for businesses especially for the Cooperatives sector. In Sierra Leone, access to markets is very limited and consumers of most Cooperatives products are restricted to those within the local communities, weekly markets and the central markets in the urban areas. In view of this, the Government of Sierra Leone will endeavour to improve access to markets and market information for Sierra Leonean community at large.
- e) Intermediary organisations have a critical role to play in developing the capacities of Cooperatives to become more competitive, weaning them away from traditional production standards and schedules. To this end, the Government of Sierra Leone will mobilise support for the strengthening of intermediary agencies to enable them assist Cooperatives, particularly those in the informal sector, to penetrate large domestic and export markets.

3.6.1. Strategies:

- a) Conduct BDS market assessment and training need assessment of BDS providers.
- b) Provide time-bound subsidies for BDS services with specific criteria for their reduction and gradual elimination as market development objectives are achieved.
- c) Provide support services in the area of information, dissemination of best practices, technologies and human resource development.
- d) Support for facilitation, technical assistance and incentives to encourage competitive performance of new and existing BDS providers, innovations and development of appropriate service products.
- e) Linkages between Cooperatives and large companies and also between firms in the Cooperatives sector should be encouraged. Such linkages will provide effective channels for Cooperatives to gain access to markets, financing, skills and know-how.
- f) Establishment of market centres at strategic locations throughout the country with emphasis on improving and strengthening the existing infrastructure, services and range of products/commodities supplied to the markets.

- g) Build capacities of key intermediary agencies and create strategic alliances with Cooperatives through extensive training/outreach activities.
- h) Provision of adequate transportation facilities (river and land) for easy and reliable transportation of goods/services to and from the marketing centres. In this regard, all the major jetties need to be rehabilitated along rivers in Sierra Leone in order to facilitate the resumption of country-wide river transportation.
- i) Develop and implement appropriate quality control measures and pricing policies.
- j) Embark on intensive promotional campaigns on products/services delivered by Cooperatives through the electronic, print and other media (local theatre groups).
- k) Facilitate Cooperatives to engage in production, value addition and marketing of their Products/services
- l) Facilitate Cooperative societies to invest in bulk storage facilities

3.7. Policy Objective 7: Facilitate the establishment of Cooperative Clusters and Networks

Policy Elements:

- a) Cooperatives should be encouraged to come together through networking groups to achieve economies of scale and further benefit from training, market intelligence, logistics and technology innovation.

3.7.1. Strategies:

- a) Cooperatives operating in the same geographical area or sub-sector such as carpenters, fishermen, fish smokers, metal workers should explore the possibilities to establish geographical or sub-sector clusters to purchase inputs such as equipment, raw materials, consultancy services etc in order to reduce cost.
- b) Regular exchanges between the Cooperative Societies, The Cooperatives Department and BDS providers will facilitate building of trust, constructive dialogue, and exchange of information to promote the development of clusters/apexes.
- c) Promote integrated models between various Cooperative sectors to benefit from each other. Produce Cooperatives, marketing Cooperatives and financial Cooperatives should work together to solve the problem of access to finance which is an enabler to other forms of Cooperatives. Members of produce and marketing Cooperatives needs to have accounts in credit unions so that any payment for their produced is made through the credit union which solves the issue of collateral for the loan to buy farm inputs.
- d) Cooperative Societies are encouraged to initiate the dialogue amongst themselves and where needed approach the Cooperatives Department for additional technical assistance.

- e) Cooperatives with common business initiatives are encouraged to establish networks between themselves and with large multinational companies or other intermediary commercial enterprises.
- f) The services of a broker or other service provider may be employed to facilitate the task of developing and the implementing the development of clusters and networks.

4.0. INSTITUTIONAL ARRANGEMENTS FOR POLICY IMPLEMENTATION

The Cooperatives policy is designed to provide an operational framework, which guides and directs the implementation of Cooperatives' activities and significantly contribute towards the acceleration of the pace of economic growth of Sierra Leone. The Cooperatives policy should complement other sectoral policies and at the same time contribute towards employment creation, income generation and poverty alleviation. The success of the policy will be dependent on the degree of commitment demonstrated by all stakeholders from micro to macro levels.

Due to the cross-cutting nature of Cooperatives activities in the national economy, it requires the creation of an enabling environment for policy implementation and the active participation of all stakeholders.

The private sector as well as Non-Governmental Organisations and local authorities must be seen to have a prominent role in Cooperative promotion and development. The Government's central role as catalyst, promoter, enabler and facilitator is indisputably fundamental to the successful implementation of any Cooperatives policy plan. Therefore, commitment to meeting policy goal and objectives by Government and all stakeholders in the private sector and civil society organisations cannot be over-emphasised. The Cooperatives policy should facilitate a process of building firm relationship between public, private, donor-supported and not for- profit organisations in the economy.

This policy should acknowledge the need to have uniform national norms and standards applicable for the supervision of Cooperative societies and the responsibility of the government to develop such norms and standards. The policy requires to acknowledges that Cooperatives are private organizations that deal with public good and the role of Government shall be limited to ensuring the existence of an environment that nurtures a dynamic and vibrant movement

4.1The Role of Government

a). The Government of Sierra Leone through the Cooperatives Department in the Ministry of Trade and Industry (MTI) will take the lead facilitating role in establishing an effective coordinating mechanism between stakeholders in the public, private and civil society sectors.

b). Given the undeveloped and diverse nature of the Cooperatives sector in the country, there is the urgent need to further streamline the activities of the sector in order to promote synergy, economy of scale and effective networking arrangements.

b) As a matter of priority, Government would have to review existing legislation and procedures for the operations of Cooperatives with a view to simplifying registration procedures and all other operational matters. Formulation of National policy and legal framework for the development and growth of the Cooperatives sector

c) Management and Functional Review (MFR) of the Cooperative Department to meet the modern trend of Cooperatives and make it effective in the implementation of the policy.

d) Registration and cancellation of Cooperative societies;

e) Maintain a register of approved audit firms in the Cooperative sector;

f) Formulation and enforcement of management standards for Cooperative societies,

- g) Carrying out inquiries, inspections and investigations into the affairs of Cooperatives and enforcement of Surcharges;
- h) Provide oversight over National Cooperative Congress, Apex, and Unions and primary Cooperatives;
- i) Promotion of good governance and ethics on Cooperative societies;
- j) Formulation and regulation Cooperative education and training standards;
- k) Promoting public private partnership, joint ventures and facilitate regional and international Cooperative relations
- l) Collect and collate data on all Cooperative activities in the Country
- m) Establish and maintain regional Cooperative information centres
- N) Support and strengthen growth, revival and restructuring programmes;
- o) Uphold the principles of inclusivity in Cooperative societies;
- q) Provide Cooperative advisory services;

4.2 The Role of Cooperative Movement

National Cooperative Congress, Apex bodies for various Cooperative sectors

- a) Promote the Cooperative sector in the country
- b) Lobby and advocate for the Cooperative movement with government and other partners
- c) Recommend the registration of Cooperatives to the department of Cooperatives
- d) Monitor the operations of Cooperatives in the country in their sectors
- e) Promote and facilitate Cooperative societies engaged in value addition, support adoption of appropriate technology by Cooperatives, and facilitate market information sharing.
- f) Collect and collate data on all Cooperative activities in the Country
- g) Ensure compliance with Cooperative legislation;
- h) Facilitate collaboration and linkages with Cooperatives and stakeholders for the benefit of the movement.
- i) Promote good governance in the management of the Cooperative societies
- j) Support and strengthen growth, revival and restructuring movement
- k) Provide Cooperative advisory services;
- l) Promote Cooperative research, development and data collection on Cooperative societies

4.3 The role of MFIs, NGOs, Financial institutions and Other Civil Society Organisations

Multilateral financial agencies, local and international NGOs could play an active role in the development of Cooperatives activities through their various projects and programmes. Business Associations and NGOs can play a leading role in the implementation of the policy at the grassroots level. There may be the need to build the capacities of these associations and NGOs so as to enable them provide better services to Cooperatives. Collaboration between the associations, NGOs and public agencies in Cooperative development should be intensified especially at the grassroots level.

Civil Society organisations have a responsibility to promote the objectives of the Cooperatives policy and action plan by organising and sensitising their members, about the greater benefits that can be accrued through Cooperative operations.

4.4. The role of the formal private sector including companies and agencies

The operators in the formal and informal private sector enterprises relate at various levels in the economy. They mutually benefit from each other's services in a variety of ways. The formal private sector enterprises, which possess relatively improved production resources, can provide reliable business development services to the Cooperatives in the forms of skills development through sub-contracting and enhancing access to machinery and equipment required in the production process of certain goods on hired bases.

The Cooperatives on the other hand could provide a valuable source of raw materials/supplies for large companies and businesses. Cooperatives in the informal sector and businesses in the formal sector therefore, tend to have a symbiotic relationship in which their livelihood could depend on each other. In view of the need for coexistence, the two must support each other towards realising their goals and objectives.

In the implementation of the Cooperatives policy, the companies and agencies could support the growth of Cooperatives in the following specific ways:

- Create opportunities for Cooperatives to access capital for enterprise start up and expansion.
- Enhance skills upgrading activities for personnel of Cooperatives.
- Financially and otherwise support promotional activities such as trade fairs and mass media coverage in order to stimulate public participation in Cooperatives and private sector development.
- Provide needed business development services at affordable cost to Cooperatives in the informal sector.
- Facilitate access to raw materials especially those imported.
- Support the implementation of strategies planned in the Cooperatives policy.

4.5 Donor contribution and coordination in the Cooperatives sector

Contribution by the development partners to the Cooperatives sector should be encouraged. Multilateral Finance Institutions may also provide seed capital for wholesale lending to Cooperative Societies. To realise the objectives of the Cooperatives policy, there is the need for better coordination of donor interventions. Donors can play a pivotal role in the introduction of relevant technologies, promotion of value-added production and identification of marketing opportunities for Cooperatives.

4.6 Role of Other State Agencies

This policy is cognizant of the existence of other state agencies responsible for the implementation of other National Government policies and legislations. These state agencies shall be critical in the successful and seamless implementation of this policy, particularly with regard to strategies that directly or indirectly overlap across the various sectors.

Whereas the implementation of this policy shall be domiciled in the state department responsible for Cooperatives, adequate budgetary allocations shall be availed by the National Treasury

National Government will create an inter-governmental co-ordination unit within the state department responsible for Cooperatives to ensure seamless implementation of this policy; and the National Treasury shall provide adequate budgetary allocations necessary for implementation of the policy.

Other government ministries to be directly involved in the implementation of this policy includes Ministry of Development and Economic Planning, Ministry of Finance, Ministry of Agriculture and Forestry and The Ministry of Social Welfare, Gender and Children's Affairs

4.6 Inter-Governmental Coordinating Unit/Steering Committee

There will be an agency and a steering committee established within the structure consisting of officials from the Government to coordinate the Policy implementation. This unit will also promote harmonization and/or linkages between the movement, the Government through periodic forums by:

- a. Providing mechanisms for the apex body to create visibility through round table engagement with the paramount chiefs and appropriate forums of the Government;
- b. Encouraging formal and recognized engagement of the movement in key structures through which the Government promotes its social and economic agendas; and
- c. Creating gainful partnerships between the Cooperative movement, Government through its Ministries, Departments and Agencies, Parliamentary committee on trade, local governments, and other stakeholders.

5.0 Monitoring and Evaluation

This Policy Document will be subject to on-going review and enhancement. To this end, the Ministry of Trade and Industry will set-up A Policy Implementation working group to guide the process of implementation. The working group shall be drawn from relevant government agencies led by Department of Cooperatives, representatives of Cooperative movement both at national and regional level as well as Development partners

This working group will be responsible for the monitoring and evaluation of the impact of government policies and strategies on the development of Cooperatives in Sierra Leone. It will continually monitor progress with the implementation of the Cooperatives Policy and determine output and performance criteria for individual societies receiving technical assistance and mandate independent assessments when and where necessary of the compliance of individual Cooperative societies to the revised Cooperative's Act and Policy.