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UNDERSTANDING RURAL CO-OPERATIVE RESILIENCE: A LITERATURE REVIEW

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the Open University and the Co-operative College

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Abstract

This working paper is an output of the research project 'Understanding Rural Co-operative Resilience: a pilot study', funded by the Leverhulme Trust from October 2012 to September 2013. The project is a partnership between the Open University and the Co-operative College UK, and the working paper is co-authored by a research associate at each institution. The research project explores whether and in what ways co-operatives are resilient social and economic organisations. By investigating the distinctive nature of the co-operative model, the project aims to provide insights on limiting and enabling factors that might be required for the development of resilience at the level of co-operatives. This working paper includes a general review of the literature as well as literature on the specific case of Uganda, which has experienced a co-operative revival and has been engaging with new models of co-operative organisation.

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1. Introduction

Over the last decade, economic crises have put in evidence how the global economy and its socio-economic organisations (i.e. private enterprises, governments, etc.) have been unable to deliver adequate standards of living. The recent past is fundamentally characterised by unemployment and social insecurity in both developed and developing countries. Against this background co-operatives have emerged as socio-economic organisations capable to provide employment and sustainable income for individuals and communities in developed and developing countries. The current literature seems to suggest that co-operatives can become resilient forms of organisation capable of facilitating employment and training during periods of economic crisis. The same body of literature has extensively explored different aspects of the co-operative movement, however, a close look at the literature reveals that there is little research on how co-operatives can became resilient, or more precisely what key factors contribute to or facilitate the development of resilience in co-operatives.

The aim of the paper is to examine the extent to which co-operatives can be considered resilient forms of organisations. We start by first critically surveying the current body of literature on co-operative performance and outlining what factors might be conducive to socio-economic resilience. The geographical focus is Africa, more specifically Uganda where a major renaissance of co-operatives has been taking place over the last 10 years. Recent literature (Kaganzi et al., 2008; Ferguson and Kepe, 2011) suggests that Uganda is showing an extraordinary renewal in co-operative development. Understanding the extent to which Ugandan co-operatives can be resilient, and what the relevant conducive factors are, could provide useful insights not only for Ugandan policy-makers and stakeholders but for co-operatives across the developing world.

The paper is structured in the following way: Section 2 provides the general background of co-operatives. It shows how co-operatives appear to be able to deal with crises and market volatility. Section 3 provides a historical account of Uganda and its exceptional co-operative movement often described as the most vibrant in Africa; the section also outlines the innovations introduced by the Uganda Co-operative Alliance and their effects in co-operatives across the country. Section 4 conceptualises resilience and its relevance to the co-operative movement. It explores organisational resilience and identifies key conducive factors to socio-economic resilience. This is followed by an analysis of the role of: membership; networks; collective skills; innovation (microcredit and value chains) and the role of government. Section 5 provides a critical overview of the most recent literature about the Ugandan co-operative movement. Section 6 draws conclusions and identifies literature gaps that need to be further studied in order to understand resilience within the co-operative movement in general, but particularly in Uganda.

2. General background

The definition of a co-operative 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'[1] . Co-operatives differ from other forms of private enterprise for their connection to the community, underlying values, ethics and democratic principles (ILO, 2010). Co-operatives are ubiquitous, with many large co-operatives in both developing and advanced industrial countries, and 800 million members worldwide.

The Nobel Laureate Joseph Stiglitz (2009) praised co-operatives as a fundamental pillar of a more balanced plural economic system. Co-operatives' democratic nature contributes to a greater worker participation and a better flow of information between their members, thus enabling co-operatives to establish less exploitative relations with stakeholders which in turn reduces information asymmetries and fosters a more innovative workplace and society.

Growing research into producer organisations and collective action (Thorp et al, 2005; Bernard et al., 2008, 2010a+b; Vargas Hill et al., 2008; World Bank, 2008; Agarwal, 2010; Salifu, 2010; among others) is accompanied by signs of renewed interest in the potential of co-operatives to drive innovation (UN, 2009; DFID, 2010); enhance market linkages for small producers (Foresight, 2011:84) and more generally to fight poverty and foster human development (Sen, 2000; Birchall, 2003, 2004; Stiglitz, 2004; Bibby and Shaw, 2005; UN, 2011; Vicari and De Muro, 2012). However, the main objective of co-operatives is to make their business effective in order to meet members' needs; it is argued that when they function well, they can contribute to pulling communities out of poverty (Birchall, 2003; Münkner, 2012).

[1] http://2012.coop/en/what-co-op/co-operative-identity-values-principles, accessed 06.11.12

Over recent years, co-operatives have attracted the interest of the international community and scholars because the current global crisis has evidenced their apparent resilience (Birchall and Hammond, 2009; Birchall, 2011). For instance, in developed countries co-operative banks have been shown to perform better than investor-owned banks, experiencing an increase in assets and deposits, volume of lending and membership (Crear, 2009; Birchall and Hammond, 2009; EACB, 2010). It is argued that their probable resilience is rooted in the fact that they are engaged in less risky investment strategies because they are motivated by long term goals rather than short term gains (Allen and Maghimbi, 2009). That co-operatives have been praised for their contribution to mitigating the effects of the economic downturn, and being able to survive and to continue to satisfy their members' needs, deserves to be further investigated. For instance Roelants et al. (2012) show in France, Spain and some sectors in Italy, that worker co-operatives have been able to hold down unemployment better than other companies, both containing lay-offs and creating new jobs.

In developing countries, the economic crisis has decreased export mainly to the EU region and overlapped with the impact of the previous food prices crisis. Case-study based research suggests that co-operatives have played a major role in defending members' bargaining power 'at a time of high commodity prices where middlemen can enter markets and try to take advantage of individual farmers by buying low and selling high, securing most of the benefits for themselves' (FairTrade Fundation, 2009). Similarly, international institutions have acknowledged that co-operatives 'empower their members economically and socially and create sustainable rural employment through business models that are resilient to economic and environmental shocks' (FAO, IFAD, WFP, 2011). A number of international organisations concerned with development and other scholars have highlighted the role of co-operatives in supporting small agricultural producers, women (Ferguson and Kepe, 2011; Majurin, 2012) and youth (Smith et al., 2005). Through co-operatives these vulnerable groups have been able to have improved access to markets, natural resources, information, communications, technologies, credit, training and warehouses. Other benefits have included participation in decision-making and more defined property rights. The combined effect of these positive outcomes has significantly contributed to both food security and poverty alleviation, while diversifying production for local, domestic and international markets (FAO, IFAD, WFP, 2011).

Despite failed experiences in the past, several African countries (e.g. Uganda, Rwanda, Ethiopia, Kenya, and South Africa) are now making co-operatives central to their economic development strategies. Co-operatives in these countries are in fact experiencing a renaissance (Develtere et al., 2008). This comes after several controversial decades, when co-operatives were firstly used in a planned approach by the state - distancing them from their original purposes and values (FAO, 1996) - and then they collapsed after state withdrawal during liberalisation during the 1990s.

Written off as a ‘failed’ development model, the emergence of market-led and private sector co-operatives across Africa, operating as autonomous associations and aiming to promote internationally-shared co-operative values and principles, is triggering renewed interest in side of governments and international development organisations (Vargas Hill et al., 2008; Kwapong and Korugyendo, 2010a; UK Co-operative College, 2011). Despite the progress made by co-operatives, there is an open debate about co-operatives’ capacity to deliver and the extent to which they can be really regarded resilient forms of organisation. On the other hand, Wanyama et al. (2008) argue that African co-operatives are surviving market volatility and continuing to grow, in part because they are changing how they are organised by diversifying their activities. Bernard et al. (2010a) also suggest that co-operatives can reduce transaction costs by providing price information, storage and by cutting out intermediaries.

Kwapong and Korugyendo (2010a) argue that Uganda has developed a new form of co-operative organisation which has been promoted by the Uganda Co-operative Alliance (UCA) (see section 3). This new form of organisation includes warehousing, marketing, savings, loan, insurance, strong leadership and a clear vision of the future. Notwithstanding the positive benefits of the this new form, co-operatives cannot fill the service gaps left by the state (Penrose-Buckley, 2007:xi), nor can they enable market access successfully if markets are not functioning well (ibid).

Co-operatives are therefore still facing challenges, including management efficiency, equity, heterogeneous memberships and the different interests of members. Other challenging areas are: marketing, high value products and negotiation processes with suppliers and buyers and dealing with difficult policy and economic environments (World Bank, 2008:155-156). Other authors such as Allen and Maghimbi (2009) have argued that co-operatives are in fact being affected by market volatility and as a response they are scaling down loans to members, particularly where they are associated with export products. After all, co-operatives are not totally immune to economic crises and human and institutional effort is needed to run and manage a co-operative effectively (Salifu et al., 2010).

The next section explores in more detail the past and present development of the Ugandan co-operative movement by describing its challenges, limitations and opportunities it provides to poor co-operatives members in the country.

3. Co-operative movement in Uganda

3.1 Country profile

Uganda was one of the first Sub-Saharan African countries to embark on liberalization and pro-market policies in the late 1980s and currently is among the best performing countries in the region (World Bank, 2012). Its Human Development Index (HDI) value for 2011 is 0.446 (therefore still among the low HDI countries) but even so, between 1985 and 2011, the HDI value increased by 52.0% (UNDP, 2011a). The population living in poverty declined to 24.5% in 2009/10 (compared to a 56% poverty rate recorded in 1992/93), thus making Uganda one of the countries which has achieved the first 2015 Millennium Development Goal (World Bank, 2012). The overall human development outlook has improved due to the good performance of the GDP but also because of a growth in life expectancy, achieving significant progress toward reducing the share of the population suffering from hunger, infant mortality and child mortality (UNDP, 2007a). Nevertheless, stagnating literacy rates are reported to be a challenging area to address. Only 28% of 13 to 18 years old in 2009/10 had completed primary school (Uganda Ministry of Finance, Planning and Economic Development, 2012). In addition, the country experienced a reduction of GDP growth (3.2% in 2011/12, compared to 6.7% in the previous fiscal year) due to a combination of exogenous shocks and domestic-national factors, such as subdued export performance, high inflation and subsequent tightening of monetary policy to restore macroeconomic stability (World Bank, 2012).

Uganda’s population in 2011 was about 34.5 million (ibid), having increased nearly three-fold from the 1980s. The population is still substantially rural: 88% are rural dwellers, with both the eastern and western regions having the highest proportion of the population (93%)

living in rural areas (UNDP, 2007a). Agriculture employs 73.3% of the working population (66% of the male working population and 81% of the female), thus representing the main economic sector of the country which contributes to nearly 40% of the GDP, 70-80 % of export earnings, almost all domestic food requirements, and most of the raw materials required in local industries (ibid). Coffee is one of the main exports of the country (Uganda is responsible for 2.5% of global coffee production). This sector provides employment for up to 1.3 million households (World Bank, 2011).

Despite the progress made in Uganda, the overall welfare of the farmers and the rural population remains challenging. The Ministry of Finance, Planning and Economic Development of Uganda (2012) reports that there were over 23 million Ugandans above the poverty line in 2010, around 13 million of them are classified as ‘insecure non poor’. These households are still insecure and vulnerable to falling into absolute poverty where, in opposition to the coping capacity showed by middle class people, they face higher risks, earning less stable and lower incomes; have fewer assets; have less access to savings and insurance mechanisms; have less educated children; and fewer opportunities to run a business and are more dependent on subsistence agriculture.

Agricultural production in Uganda is heavily resource-based, with labour and land being the most significant inputs, and a system that is dependent on rain-fed crop and livestock farming. Moreover land is facing challenges that are associated with soil degradation from the population pressure (UNDP, 2007a). These factors generate many sources of vulnerability - unpredictable weather, pest attacks, livestock epidemics and poor seed quality, with half of all households having suffered from extreme weather (mainly drought) in recent times and 17% experiencing other agriculture-related shocks (Ministry of Finance, Planning and Economic Development, 2012). Moreover, price volatility has impacted heavily on poor families in the short-term, generating a reduction in consumption of up to 36%. The impact will be greater in the long-term since many agricultural households remain reluctant to invest in new technologies. Furthermore, with economic vulnerability comes withdrawal of children from primary school, reducing the positive contribution that education could have to improve management of farming activities as well as other non economic well-being dimensions (ibid).

Another other big challenge for the agricultural sector is the access to international and regional markets, due to standard and certification constraints, as well as insufficient transport and communication infrastructure (UNDP, 2007a). Similar concerns are identified at domestic level. As Bear and Goldman (2005:3) point out ‘the rise of supermarkets in Uganda and Kenya, where it is a larger component of retail marketing, has called into question the robustness of more traditional marketing sector and implications for small farm sales into marketing chains for fruits and vegetables.’

3.2 History of co-operatives

In Uganda, co-operatives were established in the early 1900s by smallholder farmers as a response to the disadvantageous terms of trade imposed on them by colonial administrators and middlemen (mainly Asian traders) who monopolised both domestic and export markets for coffee and cotton (Flygare 2006; Kwapong and Korugyendo 2010a). The first co-operative to be set-up was the Kinakulya Co-operative Society, an agricultural co-operative established in 1913 in the Central region. In the following years many other co-operatives were created – as for instance the Buganda Growers Association in 1923 and the Uganda Growers Co-operative Society in 1933. But it was especially in the 1940s that the Ugandan co-operative movement began to develop significantly, mainly in the cotton and coffee sectors to the extent that the colonial government enacted the Co-operative Ordinance in 1946 in order to formalise their activity (Kyazze, 2010). Between 1946 and Uganda’s independence in 1962, co-operative membership increased eight-fold and the tonnage of produce handled increased six-fold (Kwapong, 2012).

In the early 1970s co-operatives attracted the interest of the government and eventually it exercised control over their activities. State marketing boards, the Coffee Marketing Board (CMB), Lint Marketing Board (LMB), and the Produce Marketing Board (PMB) were introduced in 1971 in order to centralize processing and marketing of export commodities. Through them the state holds the monopoly over the buying and marketing of these commodities, thus controlling the inflow of foreign revenue generated from the trading of these export cash crops (ibid).

Government interference, together with political instability, led to the emergence of corrupt practices among co-operative leaders, and the appointment of political leaders as managers of the co-operatives who ultimately pursued their own political and economic ambitions, thus leading to a performance decline of the co-operative movement (Byamukama, 1996; Kyazze, 2010; Kwapong, 2012). According to Mrema (2008) this could happen also because, after independence, co-operative leaders involved themselves in politics thus leaving a leadership vacuum, which attracted people motivated by other aims than serving co-operatives.

In the early 1990s, Uganda went through a period of liberalization of markets. The Co-operative Societies Statute was passed in 1991 and the Co-operative Societies Regulations in 1992, which declared the abolishment of Co-operative Marketing Boards and transferring of management duties from the Commissioner of Co-operatives to the members through their elected bodies (ibid). Consequently, since members were not educated to this new role and co-operatives were already affected by mismanagement, corruption and debts, many co-operatives and unions collapsed (Mrema, 2008, Kyazze, 2010). Also the political instability weakened the movement, where during the 'Bush War' in 1986 the trading activities of co-operatives were disrupted and their assets requisitioned for use in the fighting, thus being lost or destroyed (Kwapong, 2012).

But as any crisis, this period was for Ugandan co-operatives both a challenge and an opportunity (Byamukama, 1996). Some co-operatives survived and since then the co-operative movement has experienced a renaissance, with a strong focus at the national level to diversify into non-traditional export commodities and in value-added sectors, also with the significant support of external agencies, such as the Swedish Co-operative Centre, the Canadian Co-operative Association and the Norwegian Society for Development (Mrema, 2008).

Today co-operatives are growing at the primary society level, with an increase of twentyfold in the last decade. As reported by Kyazze (2010), in 2008 the Registrar of Co-operative Development catalogued a total of 10,687 co-operatives, being 10,641 primary co-operatives with approximately 3.9 million members; 41 co-operative unions; four co-operative federations and one co-operative confederation – that is the Ugandan Co-operative Alliance. Fifty-five percent of the total is made of agricultural co-operatives; 23% of SACCOs - saving and credit co-operatives; 6% of multi-purpose co-operatives whilst other categories are 16%. These co-operatives together contribute to 60% of the GDP (ibid). However, women constitute less than 30% of the members in agricultural co-operatives. This is due to the fact that men are often the registered owners or tenants of the land as well as the head of the household, and as such become the co-operative member (UK Co-operative College, 2011).

The Uganda Co-operative Alliance (UCA) was formed by co-operative unions in 1961 as the apex body of all Uganda co-operatives. UCA has played a major role in leading this new growth of co-operatives, and has become an example of one of the more viable and consensual co-operative networks based on members' needs established in Africa after the advent of liberalisation (Develtere et al. 2008; Mrema, 2008). In the words of Kyazze (2010:vii): 'UCA has become the pillar of co-operatives in promoting productivity, marketing, training and innovativeness (…) [and] has become recognised as the incubator of co-operation in Uganda.' Similarly, Kwapong and Korugyendo (2010b:2) recognise that 'to survive and revive the fallen co-operative movement, the UCA focused on organising and strengthening grassroots farmer organisations to maximise membership and build the commitment of members.'

3.3 UCA innovative approach

UCA has developed and implemented an innovative approach to building networks among co-operatives. As part of this typology it has developed Area Co-operative Enterprises (ACE). ACEs work as smaller co-operative unions, with lean management structures, encompassing fewer primary co-operatives, and being strongly rooted at grassroots level (Kwapong and Korugyendo, 2010b). They do their business differently compared to traditional co-operative unions, bulking instead of buying from members, working for commission (which is agreed upon in advance) and not taking ownership of the commodity.

This new network approach has been developed with the purpose of ensuring that co-operative structures are efficient, not debt-ridden, deliver more services and bring maximum benefits to their members while at the same time ensuring that co-operative organisations can earn enough income to sustain their operations. However, this also means that most of the risk is borne by the farmer. That is why UCA encourages ACEs to bulk and market at least three products, which in turn encourages farmers to diversify, reducing risks from crop failure or market price volatility (Kwapong and Koruyendo, 2010b; UK Co-operative College, 2011).

Another interesting innovation is about the so-called ‘tripartite system’. As explained by Kwapong and Koruyendo (2010b), primary co-operatives, ACEs and SACCOs are interconnected, with the latter providing financial assistance to farmers and to the ACEs. Specifically, as reported by UK Co-operative College (2011), SACCOs provide a loan to the farmer of approximately 50% of the estimated price of the crop bulked in the ACE’s warehouse. Once the crop is sold, the farmer is required to pay off the SACCO first and thus can keep the remainder.

The UCA Report (2012) and Msemakweli (2012a+b) explain that the ‘tripartite system’ is just a part of a broader strategy. Efforts are devoted to find new opportunities in trade liberalization, particularly about the emerging domestic market for food commodities. Promotion of co-operation among co-operatives is another strategic issue, with co-operatives encouraged to come together, for instance, to share contracts which they would not be able to fulfill as individual co-operatives. UCA also promotes partnerships between co-operatives and other private sector players, creating business and credit opportunities respectively with buyers and banks.

UCA is also promoting a participatory movement, acknowledging the fact that a crucial feature for co-operatives to succeed involves members participating actively, including contributing adequate capital to carry out the business, making good policies, holding the leadership accountable and using the power of the vote to remove them if they do not perform, doing the business through their co-operative and receiving member education.

Through education UCA aims to spread and develop an environment able to bring about leaders with vision, commitment, and a good record in their respective communities and appropriate skills to run successful co-operative business. UCA also regards women and youth as key players in the development of the current co-operative movement in the country.

Finally, as part of its work, the UCA lobbies with the government in order to foster a conducive environment that enables the growth of co-operatives as autonomous, self-financing and self-reliant enterprises. Such efforts are visible in the National Co-operative Policy (2011), whereby the government provides the policy guidelines for co-operative development in Uganda, aimed at enabling co-operatives to play a leading role in poverty alleviation, employment creation and social-economic transformation of the country. The

UCA has also made clear to national and international organisations that it is committed to defending co-operatives from any interference, acknowledging that their independence from the state is a major factor for their sustainability.

4. Resilience

The old generation of co-operatives has collapsed with the advent of liberalisation. Experience in Uganda and across the African continent, the collapse had unearthed what did not work for the co-operative movement. For example, Uganda illustrates how government interference, mismanagement, corruption, member free riding behaviours were some of the reasons that led to the failure of co-operatives. The Ugandan co-operative movement has changed, and during the last decades it has learnt how to deal with high market volatility as well as global economic and financial crises. In order to understand this transition we explore the notion/concept of 'resilience', with the aim of explaining the extent to which such an evolution could qualify Ugandan co-operatives as resilient forms of organisation.

4.1 Defining resilience

In general terms 'resilience' emphasises the capacity to absorb stress. It also highlights institutional flexibility and is popularly understood as the degree of elasticity within and across a community or institution. It is also perceived as the capacity to rebound after experiencing shock. Authors such as Innes and Booder (2010:205) claim that a 'resilient system' is broadly defined as one that can withstand shocks and surprises, absorb extreme stresses, and maintain its core functions. Burton et al. (1993) have defined and classified resilience in three ways: 1) resistance and maintenance 2) change at the margins and 3) openness and adaptability, whereas Masten (2001:228) has defined resilience as 'good outcomes in spite of serious threats to adaptation or development'.

A resilient community can be defined as a community that is able to respond to unexpected and unwelcomed events in ways that enable groups and individuals to work together to minimize the adverse consequences a crises (i.e. environmental, financial, political). That is, a resilient community is adaptable, not rigid (Ozawa in Goldstein, 2012:20).

Adaptability is therefore a key component of resilience. Adaptive capacity is a central concern in the analysis of social and political organisations in developing countries. Adaptation has been framed in terms of identifying what is to be preserved and what is expandable, rather than what can be reformed or gained (Pelling, 2011). More specifically adaptation has been defined as the process through which an actor is able to reflect upon and enact change in practices and underlying institutions. Policy makers and academics have generally suggested that adaptation is a social and political process, one that can change the development of societies and communities. For instance, Pelling (2011) explores the social and political elements of adaptation. In his analysis, he poses three questions to help us to understand and identify adaptation/adaptability: 1) to what extent is adaptive capacity dependent upon existing institutional and actors' capacity? 2) how is adaptive capacity translated into adaptive action? 3) how far are institutions and individual actors able to control processes of adaptation? These questions evoke some of the central values of co-operatives (i.e. control process through democratic participation of members).

Over the years, authors such as Fankhauser (1998) have argued that adaptation is the equivalent of sustainable development. However recent theoretical developments have argued that resilience is not synonymous with adaptation and consequently there is a weak link with sustainability. Authors such as Walker et al. (2006a) have for instance demonstrated that adaptation can undermine resilience when adaptation in one location or sector undermines resilience elsewhere.

Adaptation in institutions tends to be a guided process whereby an agenda (e.g. political, economic, leadership, etc.) is translated into action through anticipatory means. On this point, Smit et al. (2000) argue that adaptation may occur unintentionally as an incidental outcome of other actions without having an agenda in place. At the individual level, resilience has been defined as a set of behaviours over time that depends on the opportunities that are available and accessible (Ungar, 2012:3).

Lack of resilience can be triggered by several factors. These could include: 1) lack or resources (limits people's capability for self-protection); 2) lack of information; and 3) institutional failures. These factors resonate with some of the experiences witnessed within the former African co-operative movement, where institutional failure and lack of information exposed co-operatives to risk and uncertainty.

Resilience is intrinsically connected to risk and uncertainty in so far as the former and latter can be best endured when individuals, organisations or systems are able to become resilient. Becoming resilient is a process – as we show in the next section – that requires key capabilities (i.e. education, health, participation, etc.).

4.1.1 Risk, uncertainty and capability

Willett (1901) defined risk as the objectified uncertainty regarding the occurrence of an undesired event. Risk and uncertainty are related and yet are not the same. Knight (1921) and Keynes (1973) both distinguish 'risk' from 'uncertainty'. They argue that while risk can be evaluated via probabilities based on priors, an uncertain event (scenario) such as new forms of innovation cannot. Knight points out: 'the practical difference between the two categories, risk and uncertainty is that in the former the distribution of the outcome in a group of instances is known (either from calculation a priori or from statistics of past experience). While in the case of uncertainty that is not true, the reason being in general that it is impossible to form a group of instances, because the situation dealt with is in a high degree unique' (Knight, 1921:232-233).

Many communities in developing countries have to cope with multiple levels of stress and risks which can be only partially predictable. Such risks can deeply affect their level of vulnerability. There are different meanings and concepts of vulnerability, based on different disciplines and the related risk of concern (UNDP, 2011b). Depending on the theoretical framework on which the concepts of vulnerability and resilience are based, they can be considered complementary or conflicting (Miller et al., 2010). The existing literature on vulnerability attempts to integrate the two concepts, exploring their interconnections both in an ecosystem and social perspective, focusing on resource dependency and institutions, and people as the main agents of change (Adger, 2000; Nelson et al., 2007; Brown and Westaway, 2011). Here resilience and vulnerability are considered to be closely linked, where vulnerability captures the presence of risks experienced by people living in particular places, whilst resilience captures their ability, together with the surrounding ecosystem, to adapt to changing risks and opportunities (Adger and Brown, 2009). Therefore, building resilience is deeply connected with the ability to manage risk and uncertainty and reduce vulnerability. These concepts can be applied at macro level, referring to the capacity of the state to deal with shocks, particularly macro-economic shocks, and at micro level, here referring to individuals, households, communities and organisations.

Development literature is generally more focused on vulnerability at individual, household and community level. The most adopted definition of vulnerability is by Chambers (2006:33) according to whom 'vulnerability refers to exposure to contingencies and stress and difficulties in coping with them', thus including concepts such as defencelessness and insecurity. He identifies two sides of vulnerability: an external side of risks, shocks and stress to which an individual or household is subject; and an internal side which is defencelessness, meaning a lack of means to cope without damaging loss (ibid). Therefore, in any country, the state of human development, including the inequalities in income, opportunity and political power that marginalize the poor, shapes the process by which risk is converted into vulnerability (UNDP, 2007b). A first step to conceptualise resilience and vulnerability at micro level requires identifying risks and capacities held by individuals, singularly and collectively, to cope with those risks.

Some of vulnerability factors in rural areas of developing countries vary from high levels of economic dependence on agriculture, lower average incomes, fragile ecological conditions, and location in tropical areas that face more extreme weather patterns (ibid). Particularly, price volatility of commodities, identified as a macro-economic driver of vulnerability, has a strong impact at the micro level, since international commodity price volatility is closely related to income volatility of commodity-producing households, and therefore to their ability to access, for instance, food, school fees and health care. Moreover, the vulnerability of primary commodity producers is compounded by their added vulnerability to climate-related changes and environmental disasters (UNDP, 2011b).

The transition from just coping with risk to developing adaptive capacity can determine to what extent people and communities are resilient. This transition can illustrate the potential to adapt, as and when needed, and not necessarily the act of adapting or its outcome (Levine et al., 2011).

The potential to adapt is better understood in the light of the capability approach developed by Amartya Sen (1999) who defines development as expansion of people's freedom and capabilities as their freedom to 'lead the kind of lives they value and have reason to value' (ibid:18). Here this potential to deal with uncertainty can be conceptualised as the capability to face risks and insecurity. This capability depends in turn on the conversion of people's endowments (monetary, capital, physical, human and social ones) through their entitlements to call on these resources (Adger and Kelly, 1999) and social opportunities (i.e. participation in the market, public policy and civil society) (Lallau, 2008) as well as on the whole spectrum of human capabilities enjoyed by people, such as education and health care (Burchi and De Muro, 2012).

Endowments, entitlements, opportunities and other human capabilities determine people's capability to implement ex-ante actions to face risks and ex-post reactions to cope with shocks, this working as a dynamic process. This depends also on people's agency, defined as 'what a person is free to do and achieve in pursuit of whatever goals or values he or she regards as important' (Sen,1985:203). The concept of agency is particularly relevant because it puts people at the heart of risk management, since individuals, singularly or in groups, mobilize their capabilities in order to face perceived risks.

Effective collective action is particularly relevant for people seeking opportunities to develop their adaptive capacities. Collective action can foster people's agency enabling them to find ways to undertake risk management strategies that directly reduce exposure to shocks or can improve the bargaining power and the flow of information necessary to prevent risks (Di Gregorio et al., 2008). Through collective action people can especially expand collective capabilities existing when 'the collectivity at large – and not simply a single individual – can benefit from these newly generated capabilities' (Ibrahim, 2006:398).

The analysis of collective action cannot be completed if we do not take into account the gender dimension. Understanding the role of gender is crucial in the way inequalities take place in developing countries. In fact women are most affected due to reduced entitlements, capabilities and the possibility to participate in collective action. This situation leads to the reduction of possibilities to respond to shocks and stresses (e.g. Adger, 2006; Holmes and Jones, 2011). Collective action can take many forms, i.e. simply by people coming together or by having individuals organised under an agreed agenda. Co-operatives are in fact a collective action formalised into an organisation. The following sections therefore will attempt to conceptualise resilience at organisational and co-operative level.

4.1.2 Organisational resilience

Organisations hold a crucial role for people's resilience. To be resilient, organisations need to be socially rooted and not captured by elites (Levine et al., 2011). In institutional literature, organisations are defined as special institutions2 that involve (a) criteria to establish their boundaries and to distinguish their members from non-members, (b) principles of sovereignty concerning who is in charge, and (c) chains of command delineating responsibilities within the organisation (Hodgson, 2006).

Organisations need to be resilient in order to be able to work for their members. Literature on organisational management stresses the symbiotic relation between individuals, households and communities on the one hand, and organisations on the other hand (Dalziell and McManus, 2004; Seville, 2009). Organisations play a crucial role in achieving resilience at the community level, because, for instance, of the services and employment opportunities they provide to communities. Similarly, organisations depend on the individual resilience of their staff and the communities that they live in. In fact, as stated by Bahmra et al. (2011), there is a huge need to understand the relationship between human and organisational resilience, where resilient organisations 'should also possess the resilient qualities of human beings because one cannot separate the business from the people forming and operating them.' (ibid:5377).

There are two identifiable distinctions in the way resilience is defined at the organisational level. On the one hand, authors such as Dalziell and McManus (2004) consider resilient organisations as the ones able to adapt themselves to any disturbances occurring in the environment, whereas organisations that are resistant to change and which attempt to return to the pre-disaster conditions, only focusing on recovery without fostering their adaptive capacity, are considered not resilient and more exposed to vulnerability. On the other hand, Mamouni Limnios and Mazzarol (2011) conceptualise resilience at an organisational level as being characterised by both offence (adaptation) and defence (resistance), stressing the fact that organisations exhibit a combination of both adaptive capacity and resistance to change. They include the rigidity dimension as component of resilience, where adaptive organisations

[2] According to North (1990:3) 'institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic.'

differ from rigid organisations by being able simultaneously to develop a high level of self-organising capabilities and to satisfy all stakeholders' needs.

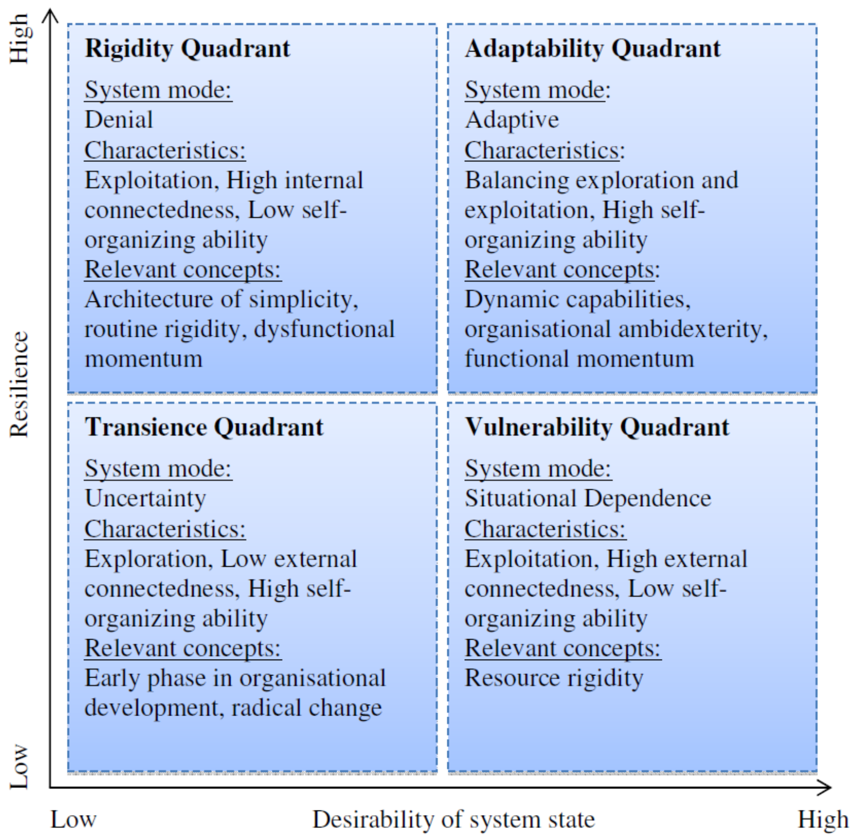
Authors (e.g. McManus, 2008; Seville, 2009) looking at organisational resilience as adaptation identify different dimensions held by such organisations, either as preventive and recovering abilities to cope with shocks, or as abilities to identify opportunities emerging during crisis that enable them to strengthen the organisation itself. These abilities include a resilient culture embedded into the organisation, where: it is considered as part of a network; there is a fluid exchange of information with the external environment and active monitoring of threats and opportunities facing the organisation; there is proactive management to identify and face all sources of organisational vulnerability; and/or there is a culture promoting adaptive capacity, agility and innovation within the organisation.

Organisational resilience is strictly related to the ability of organisation to achieve its objective over time. As Seville et al. (2006:3) affirms:

'A resilient organisation is one that is still able to achieve its core objectives in the face of adversity. This means not only reducing the size and frequency of crises (vulnerability), but also improving the ability and speed of the organisation to manage crises effectively (adaptive capacity). To effectively manage crises, organisations also need to recognise and evolve in response to the complex system within which the organisation operates (situation awareness) and to seek out new opportunities even in times of crisis.'

The network perspective is of particular interest to authors concerned with resilience also as resistance to change. They see the organisational system as the primary unit of analysis, defined as 'a network of interrelated actors who are systematically arranged and managed to pursue a set of activities under the collective goal of delivering a product or service' (Mamouni Limnios and Mazzarol, 2011). These authors approach organisational resilience in a dynamic way, taking into account interactions of the organisation within a complex network of actors. On this basis, they have proposed 'The Resilience Architecture Framework', which considers both the level of system resilience and the desirability of system state (the level of satisfaction of stakeholders that are internal and external to the organisation). The organisation can position itself in four different quadrants (Figure 1). For resilient organisations, resilience appears under the form of rigidity or adaptability – depending on its ability to meet stakeholder needs; for organisations with low level of resilience, the organisation shows features of vulnerability or transience. As noted by the authors themselves (ibid), this framework has the added value of providing different snapshots of the dynamic process that an organisation can experience in its lifecycle. It can help to conceptualise not just when organisations achieve the adaptability quadrant, but also the dynamic processes that can lead them to achieve that stage and the factors which influence resilience itself. These are the main aspects of interest in this framework with respect to our study of co-operative resilience. Other factors that the authors included in their analysis – as emerging from figure 1 - are not properly investigated here.

Figure No. 1: The Resilience Architecture Framework



Source: Mamouni Limnios and Mazzarol, 2011:15

To sum up, a resilient adaptive organisation could be identified in terms of its ability to develop a set of dynamic capabilities that enable it to adjust to shocks, moderate the effects of and cope with the consequences of risks, and take advantage of opportunities emerging from a crisis. Such an organisation has also developed internal and external organisational skills and implemented learning and innovation processes, which strengthen the organisational ability to deal with changing environments and is able to satisfy the majority of the stakeholders of its network, both at internal and external level, by implementing win-win relationships.

4.2 What could make a co-operative resilient?

As suggested by Birchall (2011), looking at co-operatives as member-owned organisations requires looking at several features that in fact compound organisations. They are: hard features (structures and systems); soft features (shared norms and values); overt features (organisational charts); hidden features (habits and routines); internal processes (relationships between owners, managers, board members) and external processes (networks among co-operatives and regulatory environment). Different authors have attached different importance to these features, in order to understand co-operative failure or success.

Co-operatives' unique property rights and governance structure have always attracted scholars' interest, leading them to consider this form of business appropriate only to address market failures, but then being doomed to failure mainly for its inefficiency compared to conventional enterprises (e.g. Vanek, 1970; Hansmann, 1996). Developing the lifecycle theory, Cook (1995) considered the complexity of the co-operative structure in terms of governance and property rights as the main challenge encountered by the co-operative during its life. Major challenges are (ibid:1156-1157): free rider problems (when some members less engaged with the co-operative still gain similar benefits to more active members); horizon problems (when members have less incentive to invest in the co-operative since their residual claim over the asset is shorter that the life of the asset itself); portfolio problems (when the lack of transferability and liquidity of member equity impedes members from adjusting their portfolio according to their risk preferences); control problems (deriving from divergences of members and management interests); and influence costs problems (occurring when the co-operative is engaged in a wide range of activities and different groups of members with different objectives attempt to influence co-operative's decisions to their own benefit.).

Birchall (2011:30) points out that successful co-operatives 'will demand a significant financial investment for members that they cannot easily get back, and will reward them for loyalty, as well as providing plenty of opportunities for them to exercise their "voice" '. Therefore, member commitment to the co-operative is seen as a crucial feature for resilience.

To unpack the concept, Birchall (2012) suggests specifically looking at advantages and disadvantages related to co-operative membership which can derive from ownership, control and distributed benefits.

However, whilst these authors are more concerned with the relationship of members with the co-operative, Mazzarol, Simmons and Mamouni Limnios (2011) suggest conceptualising co-operative resilience looking at three level of analysis that is individual member level, co-operative level and system level. On this basis, they apply the Resilience Architecture by Mamouni Limnios and Mazzarol (2011) to co-operatives. Therefore, they consider members, management and the co-operative itself as connected in a dense network, which in turn has an impact on co-operative resilience. This emerges from analysing the four possible states of co-operatives, respectively related to different combinations of organisational resilience and desirability of system state (the level of satisfaction of stakeholder needs). They can be summarized as follow (ibid:31-32):

- Transience: occurs when the co-operative experiences a combination of low organisational resilience and low desirability of system state. In this situation, the co-op is not able either to satisfy member needs, or to hold resources, systems and processes necessary for a resilient business model. The level of future uncertainty is therefore very high.
- Rigidity: high resilience but low desirability of system state, that can manifest itself through: patronage decline, low member loyalty, operational inefficiencies, increased employee turnover, public perception decline. The resilience is therefore more a defensive character, as the co-operative is able to tolerate disturbance and persist through high levels of resistance to change, as opposed to remaining responsive and adaptive to its environment.
- Vulnerability: high desirability of system state and low levels of organisational resilience, so any disturbance could reveal the limitation of this model.
- Adaptability: this is the most desirable condition, where the co-operative shows a high level of system state desirability and of organisational resilience, in the form of adaptive capacity. In this situation, the co-operative is able to satisfy the majority of stakeholder needs (members but also other players, such as buyers, local authorities, etc.) and develop appropriate structures, process, innovation and skills and capabilities, by implementing win-win relationships and appropriate ownership rights and governance structures.

By contrast, some authors argue that in developing countries co-operatives are expected to be less adaptive and face limited sustainability, mainly due to the absence of strong management, the delay of organisational management needed to compete in the markets, limited venture capital and invasive governance (Francesconi and Ruben, 2008). We therefore suggest an initial set of categories (see Table 1, p.22) that would need investigation to understand whether and how rural co-operatives in a developing country may or may not be resilient. These factors include: membership, collective skills, networks, innovation and the role of the government. Each of these factors is explored later in more detail.

4.2.1 Membership

As stressed by Münkner (2012:16) 'co-operatives are good as their members make them'. Mazzarol, Simmons and Mamouni Limnios (2011) list the need to build member identity and commitment with the co-operative and to build social capital within it as among the primary goals in order to make a co-operative a sustainable business. Therefore how the co-operative is able to build up its organisational resilience depends in the first place on member commitment and cohesion.

Whilst some authors consider motivations for co-operative behaviour as being related with long-term reciprocity, altruism, identification with the group's objectives, favourable social norms and ethical convictions (e.g. Alkire and Deneuline, 2002; Zamagni, 2005) other authors (e.g. Birchall, 2012; Münkner, 2012) suggest adopting a more pragmatic approach focusing on the fact that the more members can benefit from their membership, the more they will be loyal and committed.

Their incentive to participate is linked with the main dimensions of member identity, conceptualised as follows (Birchall, 2012; Mazzarol, Simmons and Mamouni Limnios, 2011):

- Developing member identity as investor is fundamental to strengthen their sense of ownership: the lower their capital subscription, the lower is their incentive to take part of governance and to be loyal, thus leading to free riding behaviours[3].

[3] This affects co-operative resilience also because the co-operative to raise money needs to build up reserves or borrow from banks.

- The sense of ownership is reflected also in the control exercised by members over board members and managers, this contributing to addressing co-operative activity towards member needs and to manage risk effectively.
- Members are the patrons of the co-operative, at the same time customers, users and suppliers. They establish supply-chain relations with the co-operative. The way that they continue to provide patronage is likely to be affected by their feeling about ‘getting fair prices, efficient transaction and quality services’ (Mazzarol, Simmons and Mamouni Limnios, 2011: 9)

Alkire and Deneulin (2002) assert also that motivation for co-operative behaviour is likely to be a stronger determinant of action where the size of the primary co-operative is relatively small and, therefore, social interaction and its effects are perceptible. On the other hand, the empirical research of Birchall and Simmons (2004) has shown that there may be room for larger co-operatives (it being true also for smaller ones) to improve member active participation by providing members with sufficient resources to participate effectively, such as capacity-building in terms of education and training, adequate information to support their involvement and sufficient compensation to ensure that opportunities are open to the widest pool of members. As Birchall (2011) asserts, co-operative failure led by lack of member involvement is often due to the lack of member education rather than to a fundamental problem of motivation.

The social dimension, in the form of social capital[4], has been acknowledged as a fundamental component of co-operative development and sustainability, contributing to overcome the challenges faced by co-operatives identified by Cook (1995) such as free riding and lack of cohesion due to different interests (e.g. Birchall, 2011; Mazzarol et al., 2011). In this regard, Sabatini et al. (2012) provide empirical findings, demonstrating that, unlike any other type of enterprise, co-operatives have a particular ability to foster the development of social trust among members.

[4] Putnam (1995:664-665) defines social capital as the ‘features of social life - networks, norms and trust - that enable participants to act together more effectively to pursue shared objectives’

Table No. 1

FACTORS CONDUCIVE TO CO-OPERATIVE RESILIENCE	
MEMBERSHIP	- Value based membership with strong member identity as investor, patron and owner which in turn fosters member motivation, loyalty and active participation (Birchall, 2011, 2012; Mazzarol et al. 2011) - Education of members and health status of labour force (Chirwa et al., 2005; Münkner, 2012) - Bonding social capital, trust, cohesion and reciprocity (Adger, 2003; Pelling and High, 2005; Thorp et al., 2005; Sabatini et al., 2012) - Integration of women and youth (Majurin, 2012; McKeynsey, 2009) - Promotion and emphasis of self-help attitude amongst co-operative members (Homen, 1994) - Homogeneous membership and a strong approach to equity, or a heterogeneous membership informed by an efficiency approach (Francesconi and Wouterse, 2011)
NETWORKS	- Strong and accountable leadership (Francesconi and Wouterse, 2011), moved by effective agency (Krishna, 2001) - Available national sectoral apex body that oversees co-operatives and provides capacity building and training to members (Simmons and Birchall, 2008; Thorp et al, 2005) - Horizontal and vertical integration among co-operatives (Simmons and Birchall, 2008; Menzani and Zamagni, 2010) - Connection with development agencies (Berdegué, 2001; Münkner, 2012) - ‘multi-agent networks’ and extra-community linkages (Berdegué, 2001)
COLLECTIVE SKILLS	- Adaptive co-management; self adaptation (Folke et.al., 2005; Francesconi and Ruben, 2008) - Highly skilled management with the capacity to make informed business decisions (Kelling, 2004) - Open discussion amongst member of what co-operatives can and cannot do enabling deliberative process (Holmen, 1994; Zamagni, 2008) - Common vision and strong management (Kotler, 1995, quoted in Francesconi and Rubens, 2008) - Effective governance that enable members to access resources and training (Hannan, 2012) - Limited capacity of co-operatives to provide training and education (Shaw, 2011) - Co-operative Colleges, development agencies and governments as main training providers for co-operative members and staff (Shaw, 2011; Münkner, 2012) - Importance of ‘learning by doing’ processes (Hartley, 2012)
INNOVATION	- Importance of availability of credit (i.e. loans) prices, changing markets, and competitive pressures as drivers of innovation within co-operatives (Haggblade et al., 2007) - Limitations of Credit and Saving Co-operatives: small incentives of members to enforce profitability of operations; governance challenge (Ledgerwood et al., 2006); - Crucial factors for co-operatives successfully participate in value chains: to work on the basis of market analyses in a culture of change; to work with clear business plans coherent with market analysis; To attain higher added-value and or reduce production costs for the farmers (Gouët and Van Paassen, 2012)
ROLE OF GOVERNMENT	- Supportive government creating a conducive environment (Thorp et al. 2005; Münkner, 2012) - Government not co-opting co-operatives (e.g. Develtere et al., 2008) - Government not interfering but providing capacity building (Francesconi and Ruben, 2008)

These bonding ties among members - existing among people sharing the same values and identity (Woolcock and Narayan, 2000) - are considered a main component of the adaption capacity, being considered partly related to the ability of people to act collectively (Adger, 2003; Eriksen, Brown and Kelly, 2005; Pelling and High, 2005). As stressed by Folke et al. (2005) 'Social sources of resilience, such as social capital (including trust and social networks) and social memory (including experience for dealing with change), are essential for the capacity of social-ecological systems to adapt to and shape change.'

Particularly, trust and reciprocity can explain different observations of how social capital networks can work for individual adaptive capacity whilst simultaneously undermining collective adaptive capacity. As stressed by Pelling and High (2005), trust reinforces norms of generalised reciprocity[5] which is particularly important in activating sanctions against free riding behaviour. But when it is not well developed, it is possible to observe situations where well-connected group leaders utilise their social capital to gain resources for their own resilience against the resilience of the whole organisation. This is a criticism that has often been made against co-operatives for being captured by elites. Therefore, the more trust and generalised reciprocity exist among members, the more co-operative resilience in the form of collective adaptive capacity is strengthened. Moreover, Francesconi and Wouterse (2011) show that in order to maintain cohesion among members, the co-operative needs to be conducted according to equality criteria when membership is homogeneous, but when membership is heterogeneous it should be preferably conducted according to efficiency criteria.

Nevertheless, even if members are linked by cohesion, trust and reciprocity relations, still a major part of the community may not be involved, or worse, could be negatively affected by the co-operative. This is another criticism about co-operatives, where they are considered to work as an enclave, therefore excluding the poorest as well as women and youth (FAO, 1996).

[5]Defined as the attitude of people helping each other without expecting anything in return directly from the person who is receiving the support but rather from a third party on the basis of the propagation of reputation (ibid).

It is crucial to consider that in order to work equitably and conform to values and principles, co-operatives need some pre-condition, which Münkner (2012) identifies in knowledge, skills and some resources. Crucially investing in member education about co-operative principles and values is one of the key points for co-operative success (ibid), also in order to address the gender aspect (Mayoux, 1992; Majurin, 2012). In fact, case studies show that more educated women are more likely to participate in co-operatives (Woldu Assefa and Fanaye, 2012). Nevertheless, the greater participation of women in co-operatives is not just an issue of equality, but a contribution to co-operative resilience. Some studies on the current crisis (Desvaux et al., 2010) revealed a positive correlation between the proportion of women in company management and the successful performance of the company in responding to the crisis, both at organisational and financial level. It is still not recognised by co-operatives (nor by companies in the majority of countries). However there is some evidence about the greater trust of women and their reliability in co-operative management; even in co-operative movements where women are not properly involved, women are usually appointed as treasurers (FAO, 1996).

Youth participation in co-operatives is an understudied research topic. Hartley (2012) provides some pioneering findings on how co-operatives might provide learning space for youth and impact on their agency and capabilities. As she underlines (ibid:271) 'learning, combined with changed perceptions of youth and enhanced agency, leads to changes in individual development in areas that youth value'. Increasing youth participation in co-operatives is also crucial for organisational resilience, also considering that youth constitute the larger portion of population in many developing countries and they represent the future of co-operative movements.

Finally, there is a huge need to create an appropriate legal framework that entitles women and youth to be effective members, but the extent that the lobby activity will yield results depends also on the level of the commitment of co-operative members and leaders, and requires gender/youth sensitisation campaigns and affirmative action for enhancing their membership and representation at board level (Majurin, 2012).

4.2.2 Networks

Although social capital among members is important and is often a necessary component of co-operative resilience, Ager (2003) points out that it is not enough, since there is the need for social capital to be activated in a proactive way and connected with other actors, creating synergistic interactions with state, markets and civil society in general. In this regard, Krishna (2001) investigates how social capital can be transferred into decision-making at higher levels and to this end he identifies the crucial role of agency, as proactive ability held by leaders. In fact leadership agency works to translate bonding social capital into good performance, creating what Woolcock and Narayan (2000) define as bridging social capital. Therefore, the productivity of social capital embedded in the bonding ties among members can be enhanced by investing in measures that help to raise agency capacity, particularly with co-operative leaders. An accountable and proactive leadership plays a great role in reinforcing members' identity, trust and their commitment/loyalty with the co-operative, as well as in creating a proactive culture in the co-operative, connecting it to networks which can contribute to developing adaptive capacity.

In fact, the ability to set up networks has been praised as a crucial factor of co-operatives' success (Menzani and Zamagni, 2010; Gouët and Van Paassen, 2012), where the proactive agency of co-operative leaders is important to foster ties which can bring in resources, knowledge, and other incentives, which are then translated into the adaptive capacity of the co-operative and its membership.

These can be horizontal networks, where homogeneous co-operatives are gathered in unions to increase their marketing and bargaining power; to fulfil contracts requiring a producer capacity that otherwise they might not have as single co-operatives; to offer services to primary co-operative members and to share risks and opportunities, thus contributing to improving co-operative resilience. They can be also established vertically, among co-operatives in the same supply chain but more often with other market players, as well as with the state and external agencies/donors.

A particular role is envisaged for networks of networks - that is co-operative umbrellas, peak or apex organisations which might play a strategic role, even if in Africa their role is still weak (Develtere et al., 2008). Historically these organisations have manifold tasks, which differ from context to context, but which usually range from new co-operative development to ethical control of affiliated enterprises, from spreading information and know-how to internal conflict resolution and coordination, and specifically, from representing the co-operative movement and providing externally its image to manage the dialectical relationship with government and other institutions, lobbying and advocating at local, national and sometimes also international level (Menzani and Zamagni, 2010:120).

Literature provides contradictory evidence about the ability of co-operatives to convert the two dimensions of bonding and bridging social capital into successful networks. As reported by Simmons and Birchall (2008), some co-operatives - as it is the case of many African coffee co-operatives – establish strong ties between each other and operate together, based on equality and democratic principles; whilst others, especially where characterised by strong bonding social capital among members, do not co-operate with other co-operatives, since they do not wish to establish bridging relations with co-operatives that show weaker bonding ties among members.

Finally, external agents might play a crucial role for co-operative development. Berdegué Sacristan (2001) considers support of external agents (such as NGOs, private extension firms, etc.) essential 'to provide 'road maps' for collective action, as well as the networks needed to obtain information, expertise and financial resources' (ibid:vii). Concerning this, Münkner (2012:54) particularly stresses the importance of 'knowledge sharing' among local co-operators and external actors in order to spread new knowledge, enabling members 'to have a better understanding of the causes and effects of change, of the ways and means to cope with changes, of better use of available resources and how to mobilise additional resources.' At the same time the author (ibid) make clear that external agents should focus specifically on creating a favourable environment for co-operative development rather than providing co-operatives with aid directly, thus generating dependency and undermining their resilience. Here a specific role is envisaged for co-operatives from developed countries that can establish win-win relations with co-operatives from developing countries and facilitate above all training opportunities and access to international markets (Bellanca et al., 2011).

4.2.3 Collective skills

Co-operative governance has widely been recognised as one of the most important aspects of business model success. As identified by Simmons et al. (2007), co-operative governance comprises three interacting spheres: member participation; corporate governance and operation management. Fluid flow of information and control among them is crucial, with members having the responsibility to make their voices heard with elected board members; elected board members to address the operational management according to members' needs and both elected board members and executives to be accountable to members in running the business.

Clearly, the more complex co-operative governance becomes, the more this form of business may lose its uniqueness. Investing in deliberative processes among members is crucial to maintaining co-operative identity (Zamagni, 2008), which in turns affects adaptive co-management. Folke et al. (2005:448) defines it as 'a process by which institutional arrangements and ecological knowledge are tested and revised in a dynamic, ongoing, self-organized process of learning by doing.' Adaptive co-management requires effective power sharing, participation and co-operation (ibid), confirming that co-operative governance might result in added value for co-operative resilience, if based on a dense social network that fosters learning by doing among members. As stressed by Francesconi and Ruben (2008:127) 'decisions regarding pathways for adaptation of co-operative organisation and management need to be sustained by the members themselves.' In fact, relationships among members which cross boundaries of identity might provide an informal channel for the flow of information, creating a 'community of practice'[6] (Pelling et al., 2008).

The often unintended outcome is a social learning process, occurring among people who share concerns, past memories and strategies to manage risks. Wildemeersch (2007:100) describes social learning as 'the learning taking place in groups, communities, networks and social systems that operate in new, unexpected, uncertain and unpredictable circumstances; it is directed at the solution of unexpected context problems and it is characterised by an optimal use of the problem solving capacity which is available within this group or community'. This process, enacted and reinforced through governance based on deliberative processes, has as its main outcomes the improvement of knowledge, technical and social skills as well as changes of cognition and attitudes useful enough to increase the adaptive co-management (Fazey et al., 2005). Reed et al. (2010) stress that to be considered social learning, a process must:

[6] Communities of practice are 'group of people who share a concern, a set of problems or a passion about a topic, and who deepen their knowledge and expertise in this area by interaction on an ongoing basis' (Wenger et al., 2002:4).

- demonstrate that a change in understanding has taken place in individuals involved;
- demonstrate that this change goes beyond the individual and becomes situated within social units and communities of practice;
- occur through social interactions and processes between actors within a social network.

These factors seem to be particularly relevant for a co-operative movement which has emerged from previous experiences of co-optation and degeneration in terms of co-operative values and principles.

In co-operatives, activating social learning processes means developing members' learning capabilities and skills at an individual level, but especially at a collective level, with members learning from each other. This in turns has an impact on how the co-operative operates (Hartley, 2012). Social learning is extremely relevant for co-operative resilience, especially considering that the lack of skills and education to run co-operatives have been identified as major factors that negatively affect co-operative performance (Bernard et al., 2008; Francesconi and Heerink, 2010). As noted by Shaw (2011) in developing countries the capacity of co-operatives to deliver training for members and staff is very limited. However especially co-operative unions might benefit from education and training provided by other agents, such as Fair Trade buyers, but also Co-operative Colleges in countries where they are established, governments, universities and development agencies (Shaw, 2011; Münkner, 2012). Empirical research findings (Hannan, 2012) suggest also the importance of effective governance as crucial factor for co-operatives to enable members to access training opportunities, and becoming included in networks.

Concerning co-operative networks, Simmons and Birchall (2008) clearly point out that, working as conduits of tangible and intangible resources, they can play a major role in fostering collective meaning and learning. Even when social learning is not the main objective of the co-operative network, this capability can appear as an unintended outcome which then reinforces the main objective of networking (ibid).

4.2.4 Co-operative Innovation

Larsen et al. (2009:6) argue that innovations derive from an interactive, dynamic process that increasingly relies on collective action and multiple knowledge sources at diverse scales. Innovation is context specific, it occurs within an interacting system of diverse actors, where value chains are a particularly important organisational form (Elliot, 2008). Innovation within co-operatives can be driven by the availability of credit (i.e. loans) prices, changing markets, and competitive pressures (Haggblade et al., 2007).

Credit is important for innovation because it allows co-operatives to acquired new technology (i.e. equipment), hire larger numbers of labourers and in some cases access to training or specialised expertise. The combination of these factors is crucial if – for instance – a new service or commodity is to be manufactured or traded nationally and internationally.

Modern equipment enables faster production processes and faster delivery of commodities to the market. It is generally argued that access to both national and international markets is channelled via value chains that are regulated by standards established by large buyers (i.e. supermarkets), national and international trade regulators.

Modern equipment and technology requires qualified labourers but 'literate and numerate labour force may be beyond the reach of many small scale enterprises' (Kaplinsky and Farooki, 2010:21). In the whole, credit provides the financial floor that enables the acquisition of both technology and improved expertise (i.e. trained managers and labourers), these factors are essential and yet not enough to guaranty access to national or international value chains.

Global value chains are channels whereby co-operative are exposed to the need of adopting standardised quality procedures (ISO9000) and environmental standards (ISO14000). These standards can be met by upgrading equipment, branding and improved management skills. In order to upgrade, co-operatives require investment thus credit becomes the enabling factor that allows some degree of innovation based on acquisition of technology and expertise.

Co-operatives have been barely explored under the combined lenses of microcredit and value chains. Building on these two key factors, the following sections highlight what might be required for the development of resilience at the co-operative level.

4.2.4.1 Microcredit

Credit is important for innovation because it allows co-operatives to acquired new technology (i.e. equipment), hire larger numbers of labourers and in some cases to access training or specialised expertise. The combination of these factors is crucial if – for instance – a new service or commodity is to be manufactured or traded nationally and internationally.

It is generally argued that access to both national and international markets is channelled via value chains that are regulated by standards established by large buyers (i.e. supermarkets), national and international trade regulators. Such global value chains may therefore expose co-operatives to the need of adopting standardised quality procedures (ISO9000) and environmental standards (ISO14000). These standards can be met by upgrading equipment, branding and improved management skills. Modern equipment and technology in turn therefore require qualified labourers - but a 'literate and numerate labour force may be beyond the reach of many small scale enterprises' (Kaplinsky and Farooki, 2010:21).

In order to upgrade, co-operatives require investment. Thus credit becomes the enabling factor that allows some degree of innovation based on acquisition of technology and expertise, and therefore potentially conducive to resilience. However co-operatives have been barely explored under the combined lenses of access to credit and value chains.

Microcredit is a term that initially described institutions such as the Grameen Bank, which focused on getting loans to very poor people. In this sense microcredit was explicitly focused on poverty reduction and social change (Armendáriz and Morduch, 2010:15-16). The term 'microfinance' was later introduced as a result of the recognition that poor people could benefit from accessing more financial services. Armendáriz and Morduch (2010:169) argue that the transition from *microcredit* to *microfinance* has brought a change of outlook, a growing realization that low-income households can benefit from access to a broader set of financial services beyond just credit. It is important to note that both, co-operatives (as organisations) and co-operative members (as individuals) have access to credit and loans.

These can be granted by SACCOs, microfinance institutions (MFIs) and commercial banks. Co-operatives and their members are subject to the same degree of scrutiny at the time of applying for credits and loans.

The literature on microfinance in the developing world is vast (Armendáriz and Labie, 2011) and there is not scope to engage with the debates in this review. Most MFIs in developing countries have been established by bilateral and multilateral agencies (i.e. development aid agencies, World Bank, IMF, etc.) Microcredit allows co-operatives and their individual members to acquire technology, raw material (i.e. production inputs) and know-how. Producer co-operatives as organisations have the option to obtain loans from MFIs, SACCOs and commercial banks. The key difference between these three options resides on the terms on which the loans/credits are granted. SACCOs tend to have lower rates of interests (normally set by the members themselves) whereas commercial banks and MFIs have higher interest rates and generally request applicants to provide evidence of substantive collaterals. Over the last decade we have witnessed how SACCOs have been heavily promoted and funded by development organisations (Enarsson and Wirén, 2005). The same cannot be said for MFI and commercial banks.

To an extent, SACCOs' success depends on financial support provided by bilateral and multilateral organisations. Despite their relationship with donors, Krahnen and Schmidt (1994) argue that 'even if not donor-funded, SACCOs have a specific incentive structure that prevents members from seeing their participation as a profitable investment'. Krahnen and Schmidt argue that SACCOs typically perceive their ownership as the only way to access financial services and unlike most MFIs. SACCOs are solidly built upon bonded members that seek to improve the welfare of every single member.

The large presence of MFI and SACCOs in developing countries allows co-operatives and farmers' associations to have access to credit and other financial services. The availability of credit services means that co-operatives can expand their business either by acquiring sophisticated technology (i.e. technological upgrading) or providing better and more effective working conditions for members. In a nutshell, credit and financial services can potentially improve any stage the value chain (i.e. acquisition of seeds, new machinery, transport, marketing, etc.)

So far we have argued that co-operatives can become resilient organisations on the grounds that they rely on core values (i.e. trust, democratic participation, leadership, etc.). In this section we explore the extent to which microcredit can be conducive to resilience.

Microcredit is a term that initially described institutions like the Grameen Bank that focused on getting loans to very poor people. In this sense microcredit was explicitly focused on poverty reduction and social change (Armendáriz and Morduch, 2010:15-16). The term 'microfinance' was later introduced as a result of the recognition that poor people could benefit from accessing more financial services. For instance, Armendáriz and Morduch (2010:169) argue that the transition from *microcredit* to *microfinance* has brought a change of outlook, a growing realization that low-income households can benefit from access to a broader set of financial services beyond just credit.

The literature around microfinance in the developing world is vast (Armendáriz and Labie, 2011). Development practitioners, policymakers and academics have argued that 'microfinance has been critical in many developing countries, creating jobs and raising incomes in the poorest communities, helping to empower the poor (especially women), and generally 'kick-starting a bottom-up economic and social development process' (Bateman, 2010:vi). This perception can be found across most case-based studies that look at the impacts of micro-finance. Some of the most studied examples of microfinance experiences include Bangladesh as the most famous example, followed by Bolivia, Uganda, Mexico, Cambodia, Mongolia, Bosnia, Peru and Nicaragua. All of these countries have large numbers of co-operatives that are primarily constituted by people with low income.

Most microfinance institutions (MFIs) in developing countries have been established by bilateral and multilateral agencies (i.e. development aid agencies, World Bank, IMF, etc.) In this respect, Bateman (2010: 201) points out that 'under the international development community's wise guidance and with its financial aid, developing countries soon began to follow the path marked out by the Grameen Bank and Bangladesh'. He further argues that countries like Bolivia, (southern) India, Bosnia, Peru, Cambodia, Nicaragua, Mexico, Uganda and Mongolia are expected to register similar important economic and social gains thanks to having fairly quickly achieved microfinance 'saturation'.

Microcredit enables co-operatives to the access technology, raw material (i.e. production inputs) and know-how. Producer co-operatives have the option to get loans from MFIs and also from Savings and Credit Co-operative Societies (SACCOs) which cannot be strictly defined as MFIs because they provide very limited financial services. Yet, SACCOs provide loans and in some cases micro-insurance for co-operative members. SACCOs have proven to be successful in many developing countries. Like other co-operatives, SACCOs have been heavily promoted and funded by development organisations (Enarsson and Wirén, 2005).

To an extent their success depends on financial support provided by bilateral and multilateral organisations. Despite their relationship with donors, Krahnen and Schmidt (1994) argue that 'even if not donor-funded, SACCOs have a specific incentive structure that prevents members from seeing their participation as a profitable investment'. They typically perceive their ownership as the only way to access financial services and unlike most MFIs, they are solidly built upon bonded members that seek to improve the welfare of very single member.

The large presence of MFI and SACCOs in developing countries allows co-operatives and farmers associations to have access to credit and other financial services. The availability of credit services means that co-operatives can expand their business either by acquiring sophisticated technology (i.e. technological upgrading) or providing better and more effective working conditions for members. In a nutshell, credit and financial services can potentially improve any stage the value chain (i.e. acquisition of seeds, new machinery, transport, marketing, etc.). In what follows we explore how value chains are becoming increasingly important for co-operative resilience.

4.2.4.2 Value Chains

A value chain describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production, delivery to final consumers and final disposal after use (ILO, 2009:3). A value chain approach therefore captures the sequence of related activities required to bring a product or service from material inputs to production, marketing, sales, final consumption and recycling (Memedovic et al., 2008:3). Co-operatives are generally engaged in a wide range of economic activities (i.e. agriculture, marketing, savings/loans services, etc.).

Co-operatives generally participate in global markets by supplying final or intermediary products. Participating in global value chains depend on the ability to upgrade production processes and meet national and international standards. Standards are set up by the private sector, government, civil society organisations and industry. Depending on the type of activity, co-operatives can be linked to value chains both vertically (buyer-seller relationships) and horizontally (inter-firms/co-operatives coordination, linkages to services providers and to policy makers) (ILO, 2011:4).

Co-operatives are in one way or another connected to either national or internal/global value chains. This is possible because co-operatives work across the production and market spheres and in between they engage with suppliers and buyers. Value chains are crucial to co-operatives because they generate rent and can facilitate the upgrading of different parts of their production process and marketing (Kaplinsky and Morris, 2008). By actively participating in value chains, co-operatives have the opportunity to interact with experienced and successful actors in national and international markets. However, being part of a value chain does not guarantee immediate improvement of production processes or effective delivery of commodities into the market. As mentioned before, value chains are governed by standards and norms which are not easy to meet. For ill-equipped co-operatives in the developing world meeting standards is a major challenge. Kaplisnky (2000) points out that international transactions requires sophisticated forms of coordination but most importantly it requires speed and response to meet various standards of quality and food safety. Co-operatives can certainly benefit from participating in national and global value chains but as Memedovic and Shepherd (2009:3) says 'constraints are many, significant and deep. Much depends on the behaviour of the leading firms and consumer groups as well as on the developed and developing country trade policies'.

Fair Trade represents a strategic option for producer co-operatives as it allows access to niche markets (Develtere and Pollet, 2005; Lacey, 2009). It is considered an alternative approach to conventional trade, based on a partnership between producers and consumers offering producers a better deal and improved terms of trade[7]. To access Fair Trade markets and gain some benefits such as the minimum prices and the Premium, producers have to accomplish

[7] www.fairtrade.net/ accessed on 14.02.2013

with Fair Trade Standards. Here, co-operatives are often considered the most desired and accountable partner (Develtere and Pollet, 2005)[8].

The literature on Fair Trade can be controversial, for instance, how can co-operatives benefit from participating in this alternative trade? The evidence suggest that one of the main challenges is related to the so called 'Fair Trade' trap, when co-operatives become dependent of just one northern buyer (ibid). Valkika and Nigren (2009) found out also a limitation in terms of social upgrading of hired labourers. As they explain 'While Fair Trade has promoted premiums for social development for participating producers and strengthened the institutional capacities of the co-operatives involved, its ability to enhance significantly the working conditions of hired coffee labourers remains limited' (ibid:321). On the other side, Raynolds et al. (2004) distinguish between short and long term benefits for co-operatives in Fair Trade. In the short term the main benefit appears to be access to credit whilst the main opportunities appear in the long term, thanks to capacity building and training provided by Fair Trade Organisations to the co-operative. In fact strengthening their internal organisational capacity might help co-operatives to network with international buyers and access other specialty markets, thus enabling different forms of upgrading. These linkages with new buyers are considered by Develtere and Pollet (2005) as an opportunity to overcome the so-called 'Fair Trade' trap.

Gouët and Van Paassen (2012:375-379) have identified five critical main factors for co-operatives participating in value chains. They are:

1) To work on the basis of market analyses in a culture of change
2) To work with clear business plans coherent with market analysis
3) To attain higher added-value and or reduce production costs for the farmers
4) Good leadership, transparency and farmer commitment
5) To learn from failures (i.e. mismanagement; lack of control and/or member disloyalty).

The first three factors are crucial in understanding how being part of a value chains could affect co-operative resilience. In fact, a culture of permanent change is necessary to deal with

[8]The main reason is due to the main standard prerequisites for producer groups being a Fair Trade partner, that is being made up by small-scale producers and being democratically managed.

highly dynamic markets. Moreover, new market opportunities require continuous internal changes of production, marketing and organisational level and co-operators have to evaluate possible advantages and disadvantages before assuming new risks. Cost-benefit analysis made in advance before entering in a new market is therefore of crucial importance (ibid). Murekezi et al. (2012) argued that co-operatives lack of managerial, marketing skills and member loyalty are unable to benefit from value chains, in other words, co-operatives do not experience any specific advantage.

If co-operatives were to adopt a value chain analysis of their commodities they – at least in theory – should be able to gain insights and understanding of the uneven geographical incidence of price variations and the power asymmetries between actors across the value chain. A value chain approach can in principle empower co-operatives by enabling them to understand the governance being exercised inside and outside the value chains in which they operate. Generally there are two sources of governance: internal and external. The former type of governance power is exercised with the direct intention of influencing the organization of the specific value chains. It is often, though not always, exercised by the lead firms, but can also be exercised by the authorities through the use of sector-specific measures. The latter type of governance refers to factors or actions that were not directly targeted, but which nevertheless affected, the organization of the specific value chains (Tijaja, 2013:2).

Another important part of any value chain is 'upgrading'. Gereffi (2005:171) has defined upgrading as the process by which economic actors (firms and workers) move from low value to relatively high value activities and global production networks.

There are four types of economic upgrading within global value chains:

- Substitution of capital for labour or higher productivity through automation. This process reduces the use of the labour force.
- Introduction of new products the manufacturing process. This process requires specialised/skilled labour force.
- Moving into a new product market. This process requires the utilisation of marketing channels and specialised/skilled labour force.
- Shifting to more technologically advanced production chains or manufacturing technologies. This process requires new set workers.

The process of upgrading relies on two key factors. Capital and labour force, the former includes financial resources, machinery and technological improvements in the production/manufacturing process. The latter is a factor can play and efficient role if it has been trained and can performed skilled tasks. In the case of co-operatives, upgrading could potentially allow insertion of co-operatives from developing countries into international or global value chains. Being part of this type of chains generally implies that co-operatives are able to meet international standards. As mentioned before, fair-trade initiatives could provide the ground upon which co-operatives might be able to improve their technical skills and experience different forms of upgrading (Raynolds et al., 2004)

Barrientos et al's (2011) contribution on economic and social upgrading global production networks identifies that upgrading is in direct correlation to the type of productive process at the kind of labour force available. Her analysis identifies five distinctive processes: home-based work, low skilled work, moderate skilled work, highly skilled at knowledge intensive work. For the most part co-operatives in the developing world are unable to rely on highly skilled workers. This is particularly true in the case of agricultural co-operatives that are inserted in global value chains and do not experience technological upgrading.

4.2.5 The role of government

It is broadly recognised (e.g. FAO, 1996; Birchall, 2003, 2004) that in much of the developing world, co-operatives have been used in a planning way by governments, imposing control over co-operators rather than making possible any form of member empowerment. Clearly, these types of co-operatives have simply not put into practice the basic principles.

Considering the co-operative as a self-help group does not mean that the poor can help themselves by themselves without changes in the macro structures of wealth and power distribution (Stewart, 2005; Berner and Phillips, 2005). As Münkner (2012) points out, governments have a great role to play in providing a 'conducive environment' which in fact neither members nor their federations and alliances can provide by themselves. Some of the enabling factors that can trigger a conducive environment include (ibid:44):

- An economic, political and legal system which recognises co-operatives as autonomous private member-owned form of business.
- A co-operative development policy, drawn up in the spirit of UN Guidelines (2001) and ILO recommendation (2002).
- An infrastructure environment which can facilitate co-operative activities, from communications to logistics, from transports to information and extension services.

A major concern is to ensure good performance amongst co-operatives. This is why governments are encouraged not to directly intervene or co-opt the way co-operatives conduct themselves. Here, an important role is played by apex organisations and federations. In developing countries, these organisations could actually make the difference in building up a resilient co-operative model, on the one hand facilitating the flow of information and know-how into the entire co-operative network, but specifically, in defending the autonomy of the co-operative movement from any attempt of co-option.

Simmons and Birchall (2008) have pointed out that after the collapse of many apex organisations in developing countries with advent of liberalisation, many difficulties emerged in the relationship between the state and new autonomous co-operatives. The main issue is that state influence still remains severe in some cases, to the extent that in some countries a dual co-operative sector (old and new one) is emerging in parallel fashion, as it is happening for instance in India (e.g. Trebbin and Hassler, 2012).

The relationship between governments and co-operatives is therefore a dynamic process, highly dependent on the economic and political context, on the strength of the co-operative representative organisations and on the ability of membership to influence how networks function.

5. Discussion

As seen in the previous sections, although the co-operative movement in Uganda had collapsed, it is now experiencing a remarkably renaissance. Therefore, it represents an interesting case study to understand whether co-operatives are resilient social and economic organisations and in case what might make them as such.

Reviewing the literature about Ugandan co-operatives, we found several empirical findings about factors that might explain differential in performances of case studies under investigation. Some main insightful findings are:

- Flygare (2006): Studying the Nabuka Dairy Co-operative, she mainly focuses on the benefits received by members and their relationship with the co-operative, which affected member loyalty and attitudes to free-riding. Among tangible benefits there was a secure access to the market, even if competitive factors held by milk street vendors were found as price and transport - issues where the co-operative was found quite weak. Another benefit is about the innovation of credit schemes offered by the co-operative. Flygare also identifies individual and collective capabilities as intangible benefits. Finally, she evaluates positively the renewed commitment of the government to foster a ‘new’ autonomous co-operative movement. With this regard, she makes the point about a complex relationship between co-operatives and government, where the latter may be tempted to co-opt empowered civil society groups.

- Persson (2010): Comparing two ACEs, she identifies that both are struggling with severe factors that constrain co-operative performance, such as droughts, lack of capital and negative attitude among members. She focuses on two main organisational causes as an explanation of different co-operative performance: structure (i.e. channel for membership participation) and professional skills of leadership. These impact on the level of member satisfaction, loyalty and commitment as well as the ability of the co-operative to implement its activities. An interesting aspect of this study is the connection with development agencies, since both of case co-operatives have been set up with the support of the Swedish Cooperative Centre - *Vi* Agroforestry Programme (SCC-Vi), but only in one case co-operative managers and leaders developed autonomous capabilities to deal with market economy.

- Kwapong (2012): She identifies factors that made co-operatives resilient to the period of market liberalisation, when as already outlined, the majority of co-ops failed. These are: strong leadership and proper management, access to external financial support, efforts to develop new markets and marketing channels, strong asset base, and retaining a strong membership in times of crisis. Based on survey results, she also found out that the ‘tripartite co-operative model’ favoured the adoption of participatory and democratic practices, including members in decision making processes and demanding accountability from managers of the co-operatives. Nevertheless, she highlighted the need to address the challenges of capacity building and monitoring as well as those related to free riding of some members.

- Hartley (2012): Looking at youth co-operatives in Uganda, she finds that co-operatives create a distinctive collective learning space for youth based on co-operative values and principles. In such a way, learning is framed by values, co-operator identity and trust and the learning space is connected to a broader network of learning opportunities and beliefs and ways of thinking. Significantly the study has also finds that trust, shared values and learning create a cyclical, mutually reinforcing process for co-operative youth.

- Mugisha et al. (2012): this study is aimed at determining the level of adoption and the socio-economic factors that influence the rate of adoption of improved crop production technologies by farmers affiliated to UCA. They find that levels of adoption for the production technologies varied between crops. Moreover, the level of education, access to credit, farmers’ experience and use of hired labour were the most significant factors that influenced rate of adoption.

- Majurin (2012): this study confirms the persistent inequalities in women’s membership and participation in decision making positions, as well as loan sizes (smaller than men’s at 90 %) and their use (the share of women who took out loans for business purposes was lower than that of men). Nevertheless, it confirms that women are more reliable in repaying loans and that their use of co-operative services is on par with or above that of men. Finally, it shows good practices emerging at various levels, ranging from the introduction of practical measures at the co-operative level to policy level reform, with significant scope for enhancing women’s participation in the co-operative movement whether in member or managerial capacity, stressing that they are both for the benefit of women as well for the enhanced functioning of the co-operative sector.

- Jones et al. (2012): This study looking at Ugandan coffee producer organisations trading with Fair Trade suggests that women are almost exclusively positioned at the bottom of the coffee value chain, providing labour for production without realising benefits from their labour, being excluded from any decision making positions. Moroever, gender discrimination in the design, implementation, and monitoring of the wider certification code in coffee value is revealed. Therefore they identity the need to develop strategies for addressing gender-specific constraints, and to build women's capabilities and confidence to aspire to positions and influence across the whole value chain.

Moreover, some of these studies provide evidence about how co-operatives are working to increase members' individual resilience. For instance, findings by Flygare (2006) suggest the role of co-operatives in working as a safety net, lowering the uncertainty faced by farmers, especially related to access to markets and stable income. Similarly, Mrema (2008:169) reports the role of co-operatives in working as social protection mechanism, where 'members put aside funds to assist each other in case of death, fire where property is lost, sickness, and even where labour is required for harvesting or planting on the farm of a member who is sick, too old or has been overwhelmed by an unexpected bumper harvest.' Concerning this, SACCOs are able to provide loans that have a significant risk and vulnerability mitigation impact (ibid). In the case of microcredit, we found that USAID has played a central role. This agency has funded the Support for Private Enterprise Expansion and Development (SPEED) Project, which focused on assisting microfinance institutions across the country. The intent of this project has been succinctly summarised by Chemonics International Inc, (2001) in the following terms: 'The USAID-funded Support for Private Enterprise Expansion and Development (SPEED) project is an aggressive intervention that will address the needs of micro, small-, and medium sized enterprises in Uganda'. Uganda is a microfinance saturated country (See: Bateman 2010, Armendáriz and Labie 2010, Ledgerwood and White 2006), the availability of so much credit, loans and other financial services has arguably play an important role in the emergence of co-operatives and other type of enterprises. In reference to one of the several Ugandan microcredit initiatives Armendáriz and Labie (2010:60) reported: 'In 2000, FINCA Uganda, one of the largest and best-established microfinance institutions in Africa, introduced the "flexibility program", under which borrowing groups in selected areas could elect by a unanimous vote to change from weekly to biweekly repayment'. Microcredit has played an important role across the entire Ugandan economy. The large presence of donors funding microcredit initiatives has called for inter- agency arrangements in order to agree on standardised performance monitoring tools (Ledgerwood and White, 2006: xxxv)

Notwithstanding the positive attributes of microfinance, Bateman (2010:109) has shown that in many parts of Africa, MFIs have often been seen as taking advantage of those in poverty. In increasingly microfinance-saturated Uganda, for example, commercialized MFIs have built up a very bad reputation in the local communities. Local analysts Kaffu and Mutesasira (2003) have reported that at the moment most MFIs are perceived to be 'opportunistic and uncaring'. Uganda's microfinance history is complex and diverse. During the last 30 years it has experienced a number of changes. For instance, the creation of the Uganda Microfinance Limited exemplifies a process in which the Uganda Microfinance Union went from an MFI-NGO to a shareholding company, licensed and regulated to intermediate deposits from the public. Another feature of the microcredit scene in the country is that commercial banks are now closely involved with MFI in Uganda. In the words of Ledgerwood et al. (2006:36): 'Experience in Uganda has shown that commercial banks provide wholesale lending to MFIs frequently even if the MFI does not have a license, provided that the MFI is self-sustainable and can assure the bank of its ability to repay the loan, and more often than not, qualify under some type of guarantee facility'.

Uganda's microfinance sector is heavily funded by some of the following organisations: the World Bank, which is supervising the Uganda Rural Financial Services Project on behalf of IFAD; USAID's Support for Private Enterprise Expansion and Development Project; DFID's Financial Sector Deepening Project; GTZ/SIDA's Financial Systems Development Project; and the Ministry of Finance, Planning and Economic Development's Microfinance Outreach Plan (Ledgerwood et al., 2006:36). There is enough evidence (see: Bateman 2010, Armendáriz and Labie 2010, Ledgerwood and White 2006, McIntosh 2008, Doerring et al 2004 and Porteous 2006) to assume that the vibrant development of co-operatives in the country could have been boosted to an extent by the strong support provided by international organisations.

Uganda has SACCOs that are democratic, member driven, non-government driven and self-help co-operatives. They are owned, governed and managed by its members who have a shared common bond. In many developing countries, SACCOs are regulated under a special law designed for any co-operative society independent of its activity. In Uganda there are more than 1,300 SACCOs which are able to mobilize resources from mostly poor people. The large number of SACCOs has raised concerns about the lack of prudential oversight for these savings. Authors like Ledgerwood et al. (2006:455) argue that more transparency and oversight is needed for the sector. Unfortunately in most developing countries, SACCOs are too small to justify the cost of their regulation. There has been mixed experiences across developing countries. In some countries SACCOs have been criticised because their members may not have strong incentives to enforce profitability of operations, other than to receive dividend payments. The criticisms extend to the way in which SACCOs are governed (Hartley, 2012),

Comparing these empirical findings with general factors conducive to co-operative resilience identified in section 4.2, we suggest that they might have played a critical role for co-operative resilience in the specific case of Uganda. In fact, authors indirectly referred to them to explain differentials in performance in their case studies. Therefore, in the specific case of Uganda, these factors can be classified as in Table 2 (p.43).

The above studies identified these factors in part by comparing the old model (and the reasons why it failed) and the new model (and the reasons why it seems to be successful). Looking at this literature suggests that the way the Ugandan co-operative movement is building its potential resilience is activating a process of learning from the past, this being indeed a component of resilience.

Based on this evidence, further empirical research still is needed to better understand all the factors that can influence the resilience of Ugandan co-operatives and how they are interconnected. In fact, referring to the Resilience Architecture applied to co-operatives (as illustrated in section 4.2), it would be important to investigate factors influencing both organisational resilience and the satisfaction of stakeholders needs, such as members, buyers, retailers, government, external development agencies and actors found in the co-operative networks. Whilst the studies reviewed have been focused mainly on the membership and leadership aspects and to some extent on collective learning, we think that further research is needed to understand how these factors relate with co-operatives' ability to innovate (in both economic and social upgrading) and to be an active part of networks. On the other hand, we consider that it is also important to evaluate how these networks are characterised by trust and cohesiveness, how they influence innovation and spread information and learning along different nodes. Finally further understanding is needed to verify the level of satisfaction of different stakeholders involved with Ugandan co-operatives and how this can be considered a factor which might influence co-operative resilience in the country.

Table No. 2

	FACTORS CONDUCIVE TO CO-OPERATIVE RESILIENCE IN UGANDA
MEMBERSHIP	- Ownership, particularly for agricultural co-ops (Persson, 2010) - Education, commitment and control (Persson, 2010; Flygare, 2006) - Trust and cohesiveness (Hartley, 2012) - Channel for member participation (Persson, 2010) - Bonding ties already existing in communities, which had not experienced conflicts and which had ethnic homogeneity, as factors promoting genuine co-operatives (Vargas Hill et al. 2008) - Strong asset base (Kwapong, 2012) - Loyalty, connected with clear equal benefits (Flygare, 2006) - Women and youth active participation (Majurin, 2012; Hartley, 2012; Jones et al., 2012)
NETWORKS	- Leadership skills (Persson, 2010) - Leadership effectiveness and accountability (Kwapong, 2012) - Role of external actors to promote capacity building and ownership (Persson, 2010) - Role of the UCA to provide training opportunities (Mugisha et al. 2012) - Area Co-operative Enterprises to support marketing and market diversification (Kwapong, 2012) - Links to Savings and Credit Co-operatives (Kwapong 2012)
COLLEC TIVE SKILLS	- Collective learning (Flygare, 2006; Persson, 2010; Hartley, 2012), also about risks to adopt new technologies (Mugisha et al., 2012) - Training on management and credit mobilisation (Mugisha et al., 2012) - Risk of co-optation from richer members, affecting governance (Flygare, 2006)
INNOVATION	- Collective marketing and formation of market linkages through development of specific value chains (Kwapong, 2012; Mugisha et al., 2012) - Access to credit (Kwapong, 2012; Mugisha et al., 2012) - Build women's capabilities and confidence (Jones et al. (2012): - Aggressive microcredit intervention for small-, and medium sized enterprises in Uganda (Chemonics International Inc, January, 2001) - Microfinance saturation (Bateman 2010, Armendáriz and Labie 2010, Ledgerwood and White 2006) - FINCA Uganda, one of the largest and best-established microfinance institutions in Africa (Armendáriz and Labie 2010:60)
RELATION WITH GOVERNMENT	- Emphasis on co-operatives as 'independent profitable business units' (Kwapong, 2012) - Autonomy from the state (Mrema, 2008; Kwapong, 2012) - Clear policy guidelines (Kwapong , 2012) - Ability to manage a complex relationship where the government might see a strong co-operative movement as some kind of threat to their power (Flygare, 2006)

6. Conclusion

The paper focuses primarily on resilience and its enabling factors in the context of co-operatives. Previous and current crises have shown that co-operatives seem to be more resilient than other forms of business. At the same time, the paper has also shown that co-operatives can fail and not deliver benefits to their members.

The paper seeks to better understand the extent to which co-operatives are able to successfully endure and mitigate risk and uncertainty. By looking at the Uganda co-operative movement we tried to analyse whether co-operatives can be considered resilient organisations. Our analysis has therefore started by reviewing the literature about resilience at the organisational and individual level.

Our literature survey has also identified ‘adaptive capacity’ as a key aspect of resilience. We found that adaptive capacity is a process based on the ability of individuals, communities and organisations not only to manage risks but also to enact changes. This process also implies that resilience does not only mean the development of capabilities to cope with risks and shocks, but also to use crises/risks as opportunities to enact innovation.

We identified five key factors that can trigger success or failure in a given co-operative, these factor appear to be central to socio-economic resilience and include: a) value based membership and bonding social capital; b) agency, bridging social capital and networks; c) collective skills, co-management and social learning; d) innovation (microcredit and value chains); e) the role of government. After examining these key factors, we looked at the Ugandan co-operative movement. Although early days, it seems that Uganda has learnt from its past mistakes and failures and developed an innovative co-operative movement based and rooted in member participation, financially sound practices, autonomous, diversified, business-oriented and properly managed. By contrast, mistakes from the past, including non-committed membership, lack of ownership, external interference and corruption, unskilled and ineffective leadership, as well as inability to mobilise members’ saving and access to markets, which resulted in mismanagement and failure. The Uganda Co-operative Alliance decided to develop a dynamic co-operative movement by first distancing itself from the government. At the present, the government aims to enable a conducive environment for the development and improve performance of co-operatives. International organisations share the same impetus. We have shown that bilateral and multilateral agencies have heavily supported microcredit initiatives across the country and in many cases provided capacity building services.

Our review has also revealed that literature based on case-studies was mainly focused on the analysis of the dynamics of single co-operatives, relations among members and leaders and issues of loyalty, accountability and managerial capabilities. However, issues such as access to credit, relations with government and external donors and related training provided for capacity building of members have also been barely studied.

So far our analysis of the Ugandan experience suggests that co-operative resilience partly depends on the ability to consider the co-operatives as integrated set of networks (i.e. horizontal networks, among similar co-operatives; vertical networks, such domestic and international value chains and relations with government and external agencies; network of networks (as it is the case of the Uganda Co-operative Alliance). Understanding whether and how these networks contribute to build up co-operative resilience is important. The current literature on co-operatives does not explore whether there are synergies between networks and factors such as member loyalty, trust, reciprocity, effective leadership, collective skills, innovation, access to credit and value chains.

Our literature review has also identified there are very few studies about the production processes of co-operatives, economic and social upgrading. Another specific gap is concerned with whether labour force utilised in the production of commodities has achieved any form of social upgrading (i.e. freedom, improved capacities, etc.). In fact, there are very few scholarly accounts that describe whether co-operative members engaged in the production of commodities enjoy working standards or adequate technology, although this represents another are for investigation in terms of its potential contribution to co-operative resilience. Lastly, we found out that gender is an underexplored theme particularly in reference membership and the role of member participation and in socio-economic resilience.

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