

Role of Cooperatives in Rural Development, The Case of South Nations Nationalities and Peoples Region, Ethiopia

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Abstract

For small land-holding, developing and agricultural based economic countries like Ethiopia, cooperative type of business is recommended as a solution to promote income distribution, reduce poverty and vulnerability, and improve quality of life and social welfare. Ethiopia is a second largest populace country in Africa and has nine regions and two city administrations. South Nations Nationalities and Peoples Region (SNNPR) state is third populace and most densely populated region in Ethiopia. Most of the farmers' in this region have small plot of lands for their living, farming and rearing animals. It is obvious that such smallholder farmers are characterized by producing small amount of produce. They might bring small portion of their product to market, and the earnings might goes to cover their routine expenditure and might save the remaining for next farming. Taking this clear fact in to consideration, Since 1960s, the government of Ethiopia is promoting the significance of cooperatives as an organization that could enhance the development of small scale-farmers and other communities. Unlike other regions, SNNPR is the pioneer for starting cooperatives type of business and cooperatives are still flourishing in the region. These cooperatives are expected to serve farmers in providing agricultural inputs, marketing service for their produce, and mobilizing savings and providing credit services to their members.

The objective of this paper is to show role of cooperatives in rural development the case of South Nations Nationalities and Peoples Region. AS of June 2011, in South Nations Nationalities and Peoples Regional state there were about 8872 primary cooperatives, 44 Cooperative Unions and One Regional Farmers Cooperative federation established. These cooperatives have a membership of male 693,898 (77%) and female 209, 861 (23%) totally 903, 759. From the total households of the region 30.3% are member of cooperatives. Despite its age, cooperatives in Ethiopia as well as in this region didn't flourish as expected. The sector visage challenges across the districts in the region.

Keywords: Cooperative, Agricultural Inputs, Marketing, Saving and Credit

1 Introductions

Agriculture in Ethiopia is the foundation of the country's economy, accounting over 41% of gross domestic product (GDP), 83.9% of exports, and 90% of total employment. Nearly 83% or (75.6 million) of the population is living in rural areas. Many other economic activities are rely on agriculture, including marketing, processing, and export of agricultural products. Since September 2010, the first time Ethiopia has publicly announced a five year Growth and Transformation Plan (GTP) 2010/11 to 2014/15. The principal development agenda of GTP is to sustain rapid and broad-based growth path witnessed during the past years and eventually end poverty. As determined by GTP, Agricultural sector will remain the main engine for its success and at the end of a plan year the industry sector is expected to take the leading position. Cooperative promotion is one of the target areas in agricultural and rural development strategy.

In view of that, there are three major tasks that GTP clearly stated for cooperatives. First, provision of improved agricultural technologies to increase production and productivity, Second, improved agricultural marketing (output marketing) system; and third, financing (saving, credit and banking). Modern cooperative movement started 160 years ago in the world, about 60 and 50 years correspondingly in Africa and Ethiopia. According to Federal Cooperative Agency of Ethiopia, until 2011, 43,255 different types of primary cooperatives were established with a membership of male 5,153,271 and female 1,413,423 totally 6,566,694. These member households with their family's account about 32,833,470, i.e. almost 37% of the total population of a country is directly lean on cooperatives. Moreover 278 cooperative unions and 4 regional cooperative farmers' federations were established. The same as until 2011, in South Nations Nationalities and Peoples Regional state (SNNPR) there were about 8,872 primary cooperatives, 44 Cooperative Unions and One Regional Farmers Cooperative federation are established. These cooperatives have a membership of male 693,898 (77%) and female 209, 861 (23%) totally 903, 759. From the total households of the region 30.3% are member of cooperatives. Cooperatives, in a particular agricultural cooperatives, Rural Saving and Credit Cooperatives (RUSACCO), and Consumer cooperatives do played a major role in production, primary processing and marketing of agricultural products; mobilizing saving and providing credit; and provision of basic consumer

goods and services for their members and the surrounding.

The general objective of cooperative is to promote the economic interest and general welfare of members in accordance with cooperative principles and values. Despite its age, cooperatives in Ethiopia didn't flourish as an expected. The sector visage challenges across the country. Different studies were conducted in cooperative movement in Ethiopia. This paper gives emphasis to cooperative movement, development and challenges in South Nations Nationalities and People Regional State (SNNPR) of Ethiopia. In SNNPR no region specific studies were conducted in cooperatives sector before. Therefore, the objective of this paper is to over view the cooperative movement, development and challenges in SNNPR and finally to draw some conclusions on major problems. The paper use secondary data as a main source which include qualitative and quantitative descriptions. The remainder of the paper is organized as follows. Chapter two gives a background and importance of cooperatives. Chapter three over views the cooperative movement and its major achievements in SNNPR. Chapter four discuss the challenges at different level that cooperatives encountered. Chapter five gives summaries and conclusion.

2.1. Cooperatives Definition, Principles and Values of Cooperatives,

The history of cooperation is directly related with human being, because, human being traditionally cooperate each other in day to day life to overcome their immediate problems and also to share their feelings. Representative body for cooperatives, the International Cooperative Alliance (ICA) define cooperative in 1995, as "An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."

U.S. Agency for international Development, (1985) explained that, Cooperative forms of social and economic organizations exist throughout the world, engendered and molded by often quite dissimilar social, economic and political traditions. No single definition of "cooperative" would be adequate to describe the diverse activities that have been labeled "cooperative." But it is possible to identify certain common characteristics of cooperative organizations. In the Oxford Dictionary, definition of cooperative is 'a farm, business, or other organization which is owned and run jointly by its members, who share the profits or benefits. A cooperative is a special type and a social enterprise that balances two main goals: satisfying its members' needs, and pursuing profit and sustainability.

2.2. Difference between Cooperative and other type of business enterprises

Cooperatives operate very much like other businesses. They must serve a market efficiently and effectively, they must be well managed, and they must survive financially. However, there are important distinctions that make cooperatives unique. Laidlaw (1974) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation. The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative, all three come together to form a unity; those who own, control, and use.

2.3. Importance of Cooperatives

Classical and neoclassical theorists allocate important roles to cooperative associations: (1) Cooperatives occupy niches of market development and integrate them into the overall system of capitalism. (2) Cooperatives change the preferences, habits and characters of their members and thereby trigger economic development and social reform. (3) Cooperatives manage to exploit local knowledge as an otherwise costly production factor. (4) Cooperatives ease the pooling of resources and the buildup of power. (5) Cooperatives establish a class of cooperative entrepreneurs and allow this class to remain independent (Markus H. 2005).

Co-operatives expand personal and community assets. The co-operative model is a valuable and efficient tool for low-income communities, because one co-operative can accomplish many ends. First, co-operatives accomplish key social goals, such as delivering needed services or creating new jobs. Second, they help individuals increase assets. Third, they empower people through a co-operative decision-making mechanism. And finally, co-operatives contribute to overall community well being (Lynne M. 2004).

Cooperatives and particularly agricultural cooperatives do play a major role in production, primary processing and marketing of agricultural and livestock commodities. The justification for cooperative arises from their potential in maximization of profits, harnessing various skills with members, enhancing advocacy and bargaining power, enhancing financial accessibility, boosting social capital, promoting investment, providing educational opportunities, improving market access and contributing to poverty reduction (Paul G. and Isaac K.). Smallholder farmers gain big benefits from agricultural cooperatives including bargaining power and resource sharing that lead to food security and poverty reduction for millions, the UN Food and Agriculture Organization (FAO). Empowered by being a part of a larger group, smallholder farmers can negotiate better terms in contract

farming and lower prices for agricultural inputs like seeds, fertilizer and equipment. In addition, cooperatives offer prospects that smallholder farmers would not be able to achieve individually such as helping them to secure land rights and better market opportunities (FAO, 2011).

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members, their local communities, and their countries as well. Over the years, cooperative enterprises have successfully operated locally owned people-centered businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. Co-operatives are practical vehicles for co-operation and collective action, both of which are crucial to sustainable development; they build and reinforce community, which is both a medium for, and a measure of, sustainable development. Cooperatives reduce inequality and promote equitable sharing of the costs and benefits of sustainable development (Gertler, 2001).

Furthermore, across different countries, the proportion of the cooperative membership to population varies, but can be as high as one in two people as in Finland and Singapore, one in three in Canada, New Zealand, Honduras, and Norway, one in four in the USA, Malaysia and Germany. Viewed in terms of households, cooperative membership represents as much as 1 in 2 households in Finland, and 1 in 3 in Japan. And 180 million people of China and 239 million of Indian peoples is member of cooperatives. Cooperatives created approximately 82,074 jobs and generated approximately half a billion Ethiopian Birr in wages during 2008 (Bezabih, 2009).

2.4. Cooperatives for Rural Development

Agriculture, including farming, forestry, fisheries and livestock, is the main source of employment and income in rural areas, where the majority of the world's poor and hungry people live. Agricultural cooperatives play an important role in supporting men and women small agricultural producers and marginalized groups by creating sustainable rural employment. Producer cooperatives offer men and women smallholders market opportunities, and provide them with services such as better training in natural resource management, and better access to information, technologies, innovations and extension services (FAO, 2011).

Cooperatives have played a major role in the agricultural industries of all developed countries and many developing countries for well over a century. They have been important in farm supply, providing fertilizer and other inputs, and product marketing including transport, storage and processing (Yue Zhou, 2003). Different cooperatives are playing vital roles around the globe. For example, cooperatives control about 80% of dairy production, while in California most of the specialty crop producers are organized in cooperatives. In Colombia, the National Federation of Coffee Growers provides production and marketing services to 500,000 coffee growers. It contributes to the National Coffee Fund, which finances research and extension for coffee-growing communities. In 2005, the Indian Dairy Cooperatives, with 12.3 million members, accounted for 22% of the milk produced in India. 60% of members are landless or have very small plots of land. Women make up 25% of the membership. In Brazil, cooperatives are responsible for 40% of the agricultural GDP and 6% of total agribusiness exports.

In many countries, cooperatives are primarily agricultural. In Viet Nam, 44% of all active cooperatives work in the agriculture sector. In India, more than 50% of all cooperatives serve as primary agricultural credit societies or provide marketing, warehousing and other services to their producer members. In Kenya, 924 000 farmers earn income from membership in agricultural cooperatives, (FAO, 2011). In Ethiopia 6,566, 694 households (more than 75% from rural) or 33% of the country's population is directly getting benefit from cooperatives.

However, cooperatives around the world over are in a state of instability. In almost all parts of the world, cooperatives face in one or another way facing the same challenges. Such as past attitude (ideology), lack of committed leadership, lack of good governance (management), lack of working capital, attitude and practice of corruption, lack of knowledge and skill, lack in provision and utilization of improved technology, weak vertical and horizontal linkage within and among cooperatives, lack and inappropriate support from government and other stakeholders.

3.1. Cooperatives movement in SNNPR Ethiopia

SNNPR has a long history of cooperative movement in Ethiopia, which has been characterized by strong growth, thus making a significant contribution to the overall economy of the region and the country as well. Like the federal government, regional government is recognized cooperatives as a major contributor to the rural economic development. Cooperatives are found in all zones, Woreda (district) including urban and rural areas. From the total population of the region 17million, nearly 32% of the people participated and benefited directly or indirectly in cooperative associations.

Cooperative movement started in a region half a century ago. Some legends thought that this region is

the pioneer in establishing the first cooperative in Ethiopia. Officially cooperative movement started during Emperor Haile Selassie's regime (1930-1975), the movement was became bubbled during the regime of Derg (1974-1991). The Derg regime considered cooperatives as a mass movement that could ensure equitable mobilization and distribution of resources. They were thus viewed as instruments for planning and implementation of socialist policies/ ideology of the regime. Many cooperatives were established in SNNPR region and the entire country to accomplish this objective. During these periods farmers were forced to pull their produces to the local multipurpose cooperatives and then price of their produce was determined by government. These cooperatives had been served not for their members, rather for political sustainability of the military government. Fortunately, these forcedly established cooperatives were devastated by their own members, while the military regime abolished by the current Ethiopian People's Revolutionary Front (EPRDF) in 1991. The current government highly recognized cooperative as a major contributor for agricultural and rural development.

SNNPR government also gave due attention for the establishment of cooperatives. Accordingly the region formulated cooperative legislation along with federal government legislation, also established government structure up to village level to promote cooperatives. Up to June 2011, in SNNPR about 8,872 (out of which 2,420 are saving and credit cooperatives) primary cooperatives were established with a membership of male 693,898 (76.8%), female 209,861 (23.2%) totally 903,759. In addition to this 44 cooperative unions were established, by taking up 1,003 primary cooperatives as members. By the time 13 cooperative unions and 2 primary cooperatives together established regional farmer's cooperative federation. Overall dominantly these cooperatives are engaged in agricultural input-output marketing, saving and credit cooperatives.

These cooperatives are trying to give various services to its members like; provision of agricultural inputs such as improved seeds, fertilizer, chemicals, farm tools and equipments; output marketing both local as well as international market; market information, banking services (saving after harvesting time, credit during farm season), capacity building training, provision of basic consumable goods, employment opportunities, education for their children, social security, building infrastructure such as school, health, water, rural road; housing, environmental protection, electric power line construction and so on. Meanwhile increase foreign currency for a country, spillover effect for the surrounding people by creating job, infrastructure, market, and so on.

Unlike any other similar sector in the country, Bureau of Marketing and Cooperative has made very crucial work in cooperatives movement. The first one is collection of basic data from all cooperatives across the region; second, rating all cooperatives based on minimum standard criteria. Points under minimum criteria are management and organizational efficiency, member's participation and benefit, capital, input provision and distribution, marketing system and service delivery, accounting and auditing, profitability and its role in environmental protection. The last but not the least, detailed sample study has been conducted from 85 primary cooperatives which are engaged in 17 types of businesses; 16 secondary (unions) cooperatives which are also engaged in 7 types of business; and in one regional farmer's cooperative federation.

Until 2011, it was difficult to get confidential information or data about the movement of cooperatives in a region otherwise, information is relied on projection and approximates. The reasons behind this important commencement was; first, to spot active and inactive cooperatives in order to give proper assistance; second to identify potential challenges and problems on cooperatives, third, to point out possible solutions. According to the collected data, result of minimum standard and study report, few cooperatives were found in a good condition, some are at an intermediate level and most of them were in critical situations. As we discussed above, now the bureau has got full information about the stands of its cooperatives and favorable environment is created to give proper technical assistance for cooperatives based on its level, unlike collective and inefficient assistance before.

Farmers in the rural areas face difficulties accessing quality inputs. While the selling price for crops may be higher, farmers also have to factor in the variable cost of buying seeds and fertilizer before deciding to expand their production. Access to loans to buy these inputs can also be a problem. Even when all these conditions are favorable, many small producers face still other obstacles – such as lack of transport and other infrastructure to bring their product to local markets. Therefore, in the process of solving such bottlenecks, few cooperatives unions were doing very excellent, exemplary activities, and benefiting its members as well as others across the region, and also pointing out their finger in the economic development of the region and the country as well.

Sidama Farmers Coffee Cooperative Union (SFCCU) and Yirgacheffe Farmers Coffee Cooperative Union (YFCCU) are an exemplary cooperative unions form agricultural cooperative unions. Both unions are popular in the world coffee market by providing extra ordinary garden Arabica coffee. They are found in Sidam and Gedio zone respectively. These unions are collecting coffee from member primary cooperatives at village level, and then sold out in the world market. During harvesting time they provide credit for member primary cooperatives and for some of its member primary cooperatives the unions became guarantee to the bank for loan. Both unions are penetrated world market; their market destination is North America, Europe and Asia. Yearly

they are making profit, based on participation and amount of share (equity) from the total profit 70% as a dividend belongs to member primary cooperatives. Primary cooperative are also distribute 70% of the profit allocated as a dividend from unions, to its individual member farmers; this also took place based on member's participation and amount of share. Through this kind of continues process individual farmer's income is increasing from time to time. They started to educate their children, improving their way of living (housing, food, cloth, and healthcare).

Beyond this, through these cooperative unions individual farmers are benefiting from Fair Trade premium. Fair Trade is a global trade model and certification allows shoppers to quickly identify products that were produced in an ethical manner. For farmers and workers in developing countries, Fair Trade offers better prices, improved terms of trade, and the business skills necessary to produce high-quality products that can compete in the global marketplace. For that reason on behalf of individual farmers SFCCU and YFCCU are received premium. Through vibrant trade, farmers and workers can improve their lives and plan Fair Trade premium. This fund is specifically designed for social, economic and environmental development projects in member farmer's areas. Through this, both unions based on farmer's interest built rural roads, bridges, water points, electric line, schools and facilities.

Like SFCCU and YFCCU of agricultural cooperatives unions; Netsanet Fana Saving and Credit Cooperative Union (NFSACCU) is the one and an exemplary as well as role model to other similar cooperatives in the region and country level as well. It is found in Mesqan Woreda (District) Butajira City Administration, Gurage Zone, established in 2004. Its initial member primary cooperatives were 10, individual members 965(all of them were females), capital US\$15,577. After seven years of establishment i.e. in June 2011 its members primary cooperatives became 80, its saving dramatically increased to US\$382,224. In addition to saving, credit is the main service of the union. Therefore, the amount of credit to primary cooperatives increased by nearly three folds i.e. from US\$27,714 to US\$70,760, similarly credit to individual members increased from US\$114 in to US\$4,166, and total asset US\$ 269,496. Unlike any other cooperatives unions, female participation is the key issue in Netsanet Fana Saving and Credit Union for that reason female participation in leadership was 65% at union level and 92% at its member's primary cooperatives.

Furthermore, in order to give appropriate services at the right time and places the union opened branch offices nearby its members. Since it is working in finance there has been serious risk, so the opening of branch office was very significant. Traditionally loan collection trend was very poor at country level, but such trend has no any ground here in NFSACCU. Loan collection performance was almost 99% and no non-performing loan at all and the other important fact was its implementation of modern accounting system. As we discussed the major objective of cooperative is improving the livelihood of the people or its members. Therefore, about 200 members of the union have changed their traditional hut house to modern type of iron made houses, about 8 members have been created additional income generating mechanism by purchasing three wheel taxi so called Bajaj, 21 members have bought singer sewing machines and 71 members engaged in different retail trading and beyond this they could educate their children. In general most households have increased their assets, particularly livestock, bought new farming equipment to further increase productivity and some households say that their livelihoods have been 'transformed'.

As we thrash out above, the other most severe problem in rural areas was and also is provision of agricultural inputs for production and productivity with appropriate quality. In this regard Edget Seed Multiplication and Marketing Cooperative Union (ESMMCU) lead the way in the region and the entire country as well. The union is established in 2008, having 12 primary cooperatives as member to work within 6 districts of Gurage and Silte Zone. Since seed multiplication process needs technical knowhow, skill and close supervision, expertise from research center and agricultural office doing in a great collaboration with the union. The main task of union is provision of basic seeds to its members from research centre, provision of fertilizer, chemicals, and other necessary materials with close monitoring and technical support. Then after harvesting collect seeds, examine seed germination and purity test in its seed laboratory, finally packed and distributed to other farmers within zones, and also to other zones within the regions. Therefore, within three years of establishment, the union could provide more than 600tones of improved wheat and Teff improved seeds to the farmers.

4.1. Major challenges of cooperatives

Despite success stories of some or few cooperatives, there were also critical challenges in cooperatives sectors. According to sample study and minim standard measurement which is conducted in Bureau of Marketing and Cooperatives; by the time the bureau believed that there were about 9,254 primary cooperatives, but after collecting the data from all, only 8,872 primary cooperatives were in place and the rest 382 primary cooperatives either initially were not in place or tear down due to lack of close assistance in their incubation period. Meanwhile, of 8872 primary cooperatives 63.4% (5625) were scored below minimum standard points (<50), and about 1041 primary cooperatives scored below 10 points out of 100.

Likewise, critical points were identified by sample study. This was conducted in 86 primary cooperatives and 16 cooperative unions including regional farmer's federation. The result was, 62 out of 86 couldn't follow the rule and regulation of their own by-laws and cooperative principles. I.e. traditionally implementing their day to day activities without irrespective of legal frame work, most of them couldn't utilize full legal documents for their business transactions; and, auditing and accounting documents were not fulfilled, even some had none of it. Additionally 32 out of 86 didn't get auditing services at all. Member's participation was poor both in planning, marketing and saving; hence most of them were dangerously abused by elected leaders. The abasements are mainly related to corruption and mismanagement such as, gross mismanagement by officials; failure to hold elections, theft of cooperative resources, refusal of management committee members to vacate after members voted for this dismissal; conflict of interest among cooperative officials; lack or absence of litigation on corrupted persons, and unauthorized cooperative investments. Moreover Women participation in leadership was found only in 24 out of 86 primary cooperatives and the same thing happened in unions and federation 3 out of 17. Which implied how the degree of attention to participate and empower women was weak?

In addition, the other challenges is lack of awareness of their business potential among governments and the general public, also often leads to mischaracterization of their interests. Engendered by none or minimal relationship between members and management and self-perpetuating attitude of board members. There were also weak relationship and coordination within and between government and none government organization working on cooperative. According to sample study and minim standard measurement the identified challenges are generally categorized as a follows:

4.1.1. Internal Challenges

These are the challenges emanated from the cooperatives (primary up to federation level) members, managers, managements and Board members. Mainly: - Weak linkage between individual members vs. primary cooperatives; Primary with cooperative unions; and Unions with federation. Lack of awareness, knowledge and skill on significance and impact of cooperatives, cooperative management, planning, leadership, and marketing; Managerial problems are a problems related to participation, transparency, loyalty, good governance, efficiency, motivation; Ethical problems are related to, managers and Board members were reluctant in fighting corruption and they were also participant, Weak participation of members and unwillingness of increasing their equity; high loan demand but unwilling to refund on time; lack and shortage of warehouse; transport; marketing information; weak trade linkage, and poor rural infrastructure like road, energy, and agricultural processing. Likewise Over dependency on government and NGO's, weak documentation, and less women participation as membership and leadership were also critical challenges. Therefore, these hindered cooperative development or put in stagnation or in development trap.

4.1.2. External Challenges

These challenges are belongs to government structures, which is established to support cooperative sector. As we seen before, regional government gave much attention to the development of cooperative particularly for rural areas. Besides appointing officials at each level, government also hired 5000 expertise across the region. Different capacity building on-job and off-job training was conducted locally and at regional level. Beyond this most expertise up graded their educational status in local colleges, some in national universities and few in abroad.

However, despite these massive efforts, the required development in cooperative sector couldn't achieve. Because, the problem was mainly relied on weak leadership and supervision; weak and irregular technical assistance; expertise lack knowledge and skill, by the tie of establishing cooperatives expertise intend to focus in organizing number of cooperatives rather than giving outstanding attention for quality; Shortage of efficient, qualified and committed leaders and expertise; weak documentation and information; weak horizontal and vertical relation, and coordination. Moreover unstable structure this would result in high staff turnover; lack of regular follow up, attitude and attitude and practice of corruption, as the same time reluctant in to fight corruption in court; unfair resource allocation to cooperative promotion sector particularly at district level which was reflected in shortage of human resources, budget, and logistics; weak public relation activities, and in some case interference on cooperatives. Similarly weak coordination with other sectors majorly like Agriculture, Trade and Industry, Omo Micro Finance, Justice, Local municipalities, Women Children and Youth, and Banks, in cooperative development the contribution of these sectors is very crucial.

5.1. Conclusion and Recommendation

The role of cooperative to economic development in developed, developing and under developed countries are very immense. As we discussed, their role in rural areas particularly for those marginalized people are crucial. Because cooperatives recognized by UN and other international organization, as a solution for equality, poverty reduction, building social capital, improving marketing and financing system, empowering producers and women. Therefore, the attention given by different countries and organizations are important and implies their

intention as the same time their commitment for sustainable development.

SNNPR's population almost 88% (12-13million) is living in rural areas, majority of the people have small plots of land and density of population is also highest in the country. As we understand from the above demographic data, the economy of the region heavily relied on agriculture. Agricultural development needs different inputs to increase production and productivities. Hence, obviously the significance of cooperatives in the region came to realities. So due to these facts regional government not only gave attention, but also empowers the sector by upgrading its status. These all efforts are ultimately to strength and capacitate cooperatives in order to provide proper goods and services to its members as well as to contribute their role in regional development. One big witness was unlike other regions, this region has allocated budget and other necessary resources to collect basic data, rating all cooperatives as well as conducting sample studies. Of course these might be one of the responsibilities of government, but this couldn't happen without such committed leadership.

In country's' at the same time in regional GTP, agricultural input provision, output marketing and saving mobilization are major tasks of cooperative sector. But these could not be possible with the current pace of cooperative performance. So the sector has to clean up from its in-depth and complex problems. Correspondingly concerned leaders at each level should take the lion share in this regard. It is clear and impossible to solve all tribulations at a time.

Therefore, in order to solve such problems Regional Bureau of Marketing and Cooperative has to design a five year Regional Cooperative Development Strategy. This strategy presents the way forward for cooperative development in SNNPR. It should encourage cooperatives to engage in small agro-processing industries based on their potential resources, this will help in creating employment, better price for value addition, earning as the same time saving foreign currency, technology transformation; capacity building; establishment of regional cooperative fund or design mechanism the way how cooperative get loan/credit for their business. Otherwise how one can expect more outcomes from this sector with their own limited resource? The new strategy should give proper and on time response for this.

Additionally until now there is no cooperative extension manual, so the preparation of such manual should get priority in the strategy; the other important point is establishment of research and development work process or unit up to zonal level; yet again this strategy has to address the redundant or duplication of efforts between government sectors and also in between primary cooperatives, unions and federation, as the same time has to address potential way of coordination. Duplication of efforts and coordination failure in government sectors like: Bureau of Marketing and Cooperatives, Bureau of Women Children and Youth, Regional Enterprise Development Agency, Omo Micro Finance Institution, Municipalities, Custom and revenue. Beyond these, inter and intra problems in cooperatives should also be considered. However, this paper couldn't touch all the critical points on cooperatives, so we kindly recommend further studies on this sector.

Therefore, if the above mentioned and other related issues are undoubtedly addressed in the Regional Cooperative Strategy, cooperatives definitely achieve their objective in line with the realization of regional GTP.

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