

# Over View of Ethiopian Cooperatives

## 1. Cultural cooperatives in Ethiopia

- Ethiopians have a long history of working together by practicing Cooperative like institutions which we call cultural cooperatives.
- Debo, Jigge, Wonfel, Edir, Ekube, Senbete etc. are some of the cultural Cooperatives which were the bases of Ethiopian modern types of Cooperatives
- These cultural Cooperatives exist still now.

## 2. The History of Modern types

### Cooperatives in Ethiopia

#### 2.1. Cooperatives at the time of Emperor Haileselassie

- Modern types of cooperatives in Ethiopia started 50 years before at the time of Emperor Haileselassie
- The emergence of modern types of cooperative at that time was to solve an employment problem specially unemployment of retired workers /military forces.

- To facilitate the establishment of modern cooperatives cooperative decree 44/1961 and proclamation 241/1966 were issued.
- To be a cooperative member a person was required to have land, so voluntary and open membership principle was not fully practiced.
- Individuals who have no land at all or those who have a small amount of rural land had no a chance of being a cooperative member.
- Based on the Decree and proclamation Government employees in the Urban areas had a chance to organize saving and credit cooperatives. Example:- EPCO, Tele, Air lines workers SACCOS.
- Except the urban SACCOS, all types of cooperatives established at that time were abolished by the Derge regime.

## 2.2. Cooperatives at the time of Military (Derge) Regime

- Abolished all cooperatives (except Urban SACCOS) and established new cooperatives based on Socialist ideology (They were used as a means of promoting socialist ideology)
- Issued proclamation No. 138/78
- Compared with the cooperatives of Emperor regime, the cooperatives types and number of cooperatives were more.

The cooperatives were not organized by members voluntariness (b/c there were direct and Indirect enforcement) members sense of ownership and belongingness were very minimal or absent.

- The then political elites had strong arms on cooperatives management, governance, finance and property administration.

- Almost all of the producers cooperatives and many of other types of cooperatives were abolished or highly weakened when the government issued a mixed economy policy which gave a chance for cooperative members to decide on their cooperatives.

- The then producers Cooperative were abolished with in a very short time.

## 2.3. Cooperative at present (EPRDF led Government)

- When EPRDF won the Military Derge and started leading the Country, Cooperative members who had no Confidence/Trust on their Cooperative and Cooperative leaders who were corrupted and misappropriated the cooperative money and property initiated members to abolish their cooperatives and looted the property of the Cooperatives.

- Because of these many Cooperatives were abolished, weakened
- At that time it was believed that Cooperatives are Organizations found only in Socialist system, so since Derge who was a socialist oriented Government has collapsed after Derg why cooperative was the question
- Because of the extension service given at that time, Agricultural production increased and faced marketing problems. To solve the marketing problems of agricultural products, agricultural cooperatives were taken as a means of solving this problem by the policy makers.



- Organizing Cooperatives based on members voluntary participation was started.
- The Agricultural Cooperatives proclamation No. 85/94 has played a great role in Re-Organizing Agricultural Cooperatives.
- The establishment of Cooperative desk in the prime Ministers office and in the Respective Regional Council offices.
- The establishment of Regional Cooperative office, bureau in all the regions.

- The Cooperative proclamation No. 147/98 and Amendment of proclamation No. 402/96
- In most of policies and economic and social strategic documents of the Government, attentions were given to Cooperatives.
- The establishment of Federal Cooperative commission (FCC) Federal Cooperative Agency (FCA) at the National level.

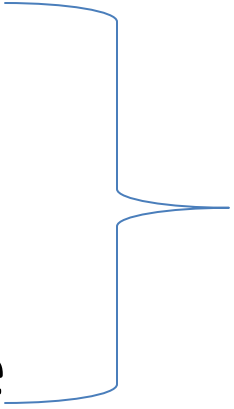
### **3. The Role of Government Cooperative promotion Structures**

- Cooperative promotion structures (Agencies, bureaux, offices etc) are established throughout the country (Federal, Regional, Zonal, District, Village level (Kebele))
- The role of all these structures is
  - give technical supports
  - Regulate the activities of Cooperatives

➤ Audit

➤ Inspection

➤ Give legal service



services (no payment for the services)

- Organize, strengthen cooperatives and promote the Cooperative ideas
- Capacity building = Training and others

## **4. Organizational structures and achievements of Ethiopian Cooperatives.**

### **4.1. Organizational structures of Cooperatives**

- In Ethiopia the cooperative organizational structure is envisaged to have 3 ladders.

#### **1. Primary Cooperatives**

- Ten or more individuals voluntarily form primary cooperatives.

## **2. Cooperation of Cooperatives (Cooperative union)**

- Two or more voluntary primary cooperatives form a cooperative union.
- Cooperative Unions are established when there are problems that cannot be solved by primary cooperatives.

## **3. National Cooperative Federation**

- Established by two or more voluntary Cooperative unions.
- To establish national Federations, there must be a problem that could not be solved by individual cooperative unions.

## ❖ **Cooperative league**

- Established by two or more voluntary National Cooperative Federation.
- Cooperative league Functions will be
  - Administrative activities
  - Capacity building
  - Advocacy
  - etc.
- It will not have business activities
- Its source of finance is expected to be members financial contributions.
- When cooperative league is established the Government's role will be limited to regulatory functions only. The promotional activities will be transferred to the league.

## **4.2. Current Cooperatives data of the country**

### **1. Primary cooperatives**

- No of primary cooperatives = 43255
- Members of primary cooperative = 6566694
  - Men = 5153271=78.48%
  - Women= 1413423 = 21.52%
- Total Capital = 2,927,656,020.00



## Among these

- Multipurpose Ag cooperatives 7702 = 17.81% = 68.34.1
- Saving and Credit Cooperative 10270=23.74% = 12.81%
  - Housing cooperatives 7587= 17.54%=0.76%
  - Agricultural types of cooperatives 3995=9.24% = 3.46%
  - Consumer cooperatives 1502= 3.47% = 6.48%
  - Multipurpose Agricultural Coop + Agriculture type cooperative  
7702 + 3995= 11697 = 27.04 = 71.8%

## **2. Cooperative union**

- No of Cooperative unions = 278
- No of member primary cooperatives = 7843
- Capital = 1,373,602,639

### **Among the unions**

- Multipurpose Ag cooperative unions (Ag marketing cooperative unions) 115 = 41.37%
- Saving and credit cooperative union 69 = 24.82%
- Agriculture and Agricultural type of cooperative unions 66 = 23.74%

- Consumer Cooperative union 18 = 6.47%
- Multipurpose Ag cooperative union + Agricultural type cooperative union = 181=65.58%

### **3. National Cooperative Federation**

- The establishment of National Cooperative Federation is on process
- 4 Regional Cooperative Federations are established in the three Regions.

## **4. National Cooperative league**

- Will be established when two national cooperative Federations are established.

### **4.3. Summary of the activities of Ethiopian Cooperatives and their outcomes**

#### **Cooperatives marketing activities**

- Almost all of the Ethiopian cooperatives perform marketing activities
- The Marketing activities of Ethiopian cooperatives can be summarized

- Collect members products and sell in bulk and bring better money to members
- Supply inputs required by members for their production
- Supply to members consumable items (Agricultural products, industrial products, other consumable items) and Stabilize the market

By performing the above marketing activities cooperatives increase the income of members and contribute to the Economic Development of the country by

- Paying the prevailing market price to members
- Paying dividends (Second payment)
- Supply quality inputs and consumable items at a reasonable price

**Cooperatives are means to increase production and productivity of members and even non members that contribute to the economic growth of the country**

**Cooperatives are playing a great role in saving mobilization of members and solve members financial problems through their saving and credit cooperatives**

**Cooperative role in employment**

**Direct employment – higher employs**

**Organizing individual under cooperatives and solve the problems that cannot be solved individually and create a better working atmosphere.**

# **Role of Ethiopian cooperatives in solving housing problems**

**Cooperatives involvement in developmental activities in their localities.**

- Construction of health stations
- Potable water service
- Construction and maintenance of schools
- Construction of animal health posts
- Construction/maintenance of rural roads
- Give transportation services



- Cooperatives agro processing activities
- Cooperatives role in Food Security and Poverty Reduction
- Cooperatives involvement in cross cutting issues
  - Soil and water conservation- Afforstaion
  - HIV/Aids
  - Gender main streaming

1. Lack of trust and sense of ownership by members of cooperative
2. Financial limitations.
3. Run by elected committees rather than trained and skilled manpower (Manager).
4. Corruption and misappropriation of Finance and other resources.
5. The technical supports given by the organizing bodies is minimal.