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## THE ROLE OF SNNPRS MARKETING AND COOPERATIVE BUREAU IN THE EXPANSION AND DEVELOPMENT OF COOPERATIVES IN SNNPR REGION, ETHIOPIA, AFRICA

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### ABSTRACT

*The overall purpose of the study is to investigate the role of Southern National Nationalities Peoples Regional State marketing and cooperative bureau in the expansion and development of cooperatives in Southern National Nationalities Peoples Regional State. This research analyzed in the three ways such as the role of the bureau in co-operatives development in terms of organizational and promotional, to find out what are the problems and what are the gaps associated with the performance of the bureau for the development of cooperatives, and to find how marketing and cooperative bureau has given due emphasis in the expansion and development of cooperatives. The research was based only secondary data which involved interview schedule and document analysis. The study conclude that cooperative bureau plays a vital in the development of cooperatives in different ways such as giving cooperative trainings, cooperative education, providing financial support, accounting and auditing, and capacity building of cooperatives. The study also identified that the bureau has been facing some problems such as, lack of finance, lack of cooperation from society, inadequate human resources, and lack of efficient staff. In view of the problem facing, the bureau has established close collaboration with cooperative support institution.*

### KEYWORDS

Cooperative Development, Cooperative Expansion, Cooperative Training, Cooperative Development in Africa, Cooperative Training.

### INTRODUCTION

Cooperative in many countries, especially in the developing world including Ethiopia, relies considerably on the support given by the state. The government intervenes through designing supply and demand sides support measures to grow this sector and utilizing the existing institutions and programmes available. In Ethiopia there has been and still is a strong move of the Government to give up its involvement in the development of cooperatives. More over the current government highly realized the importance of cooperatives for social and economic development and are being made effort in the development of cooperatives. In attempt to this the government established federal and regional cooperative institutions that facilitate the organization of cooperatives (Bezabih 2009). The Federal Cooperative Agency (FCA) is organized at the federal level to provide support and capacity building services to Regional cooperative institutions. FCA is also the highest government structure for implementing government policy on the establishment and development of cooperatives in the country. At the regional level, cooperative promotion structures are found at the zone and district levels. The regional cooperative promotion institutions are organized as bureaus/ agencies/ commissions, depending on the region. Each regional cooperative government institution is autonomous in its operations. In bigger regions of Ethiopia, such as Oromia, Amhara, Tigray, there are cooperative promotion offices in each zone. The districts are organized under zones, and in some regions they fall directly under regional cooperative promotion agency or office. The district offices organize, register and support primary cooperatives by locality. These zonal offices and regional bureaus/agencies/commissions monitor, regulate, conduct capacity building, register unions and federations, and provide technical backstopping, among others, to cooperatives. SNNPRS has been supportive of cooperative development and for this purpose the Bureau of Marketing and Cooperatives was established to steer the cooperative development and movement. The bureau was originally established in the name of bureau of Agriculture, but it recently transferred to the new independent bureau. The research aims is to assess the role of SNNPRS Marketing and Cooperative Bureau in the Development of Cooperatives.

### PROFILE OF SNNPRS MARKETING AND COOPERATIVE BUREAU

The SNNPRS marketing and cooperative bureau was established in 2010 as an independent entity by proclamation number 133/2003. Before this proclamation enacted the bureau had exercised different structure. Previously the bureau had organized as an agency, office, and department under regional agriculture bureau at certain times and regional agriculture and rural development bureau, based on the duties and responsibilities given to it currently, in 14 zones, 136 woredas, in 4 special woredas and in 21 reform cities marketing and cooperative has opened. At zonal level the structure has departmental level, at woreda it has office level and in reform cities the structure has organized as a unit.

### VISIONS AND MISSION

#### VISION

Seeing modern marketing system developed, income of the community enriched and their living slandered improved by 2012

#### MISSION

Contribute for the development of the region as well as the country by increasing the earning of the community and modern marketing system by organize and promote strong and competent cooperatives and developing their role in improving financial system.

#### OBJECTIVES

1. To create an integrated cooperative sector capable of contributing towards economic growth, poverty reduction, and employment creation.
2. To create a viable, dynamic, autonomous, self reliant and self sustaining cooperative movement that can play a major role in economic, social as well as cultural development of the region through effective and efficient services extended by cooperative enterprises to their member.

#### FUNCTION

1. Regional and federal bodies, receives and decides claim of merger, division and dissolution Provide legal book keeping, audit and inspection service and technical support
2. Provide technical support .market network, loan facilitation, promotion and information provide education and training to management bodies of cooperative at all level Employees and professional in order to develop the implementation and Capacity.
3. Cause the organization of member of cooperative societies who are organized as audit Professional, give license to cooperative societies to audit follow up and control.
4. Construct and cause to construct and expand infrastructure for the exchange of agricultural product.
5. Cause the establishment of regional the region's consumer cooperatives association.
6. Provides or cause to provide education and training to management bodies of cooperatives at all level, employees, and professional in order to develop the implementation and execution capacity.
7. Cause the establishment of regional the region's consumer cooperatives association.
8. Facilitate, support, and follow up condition for establishment of bank and insurance of cooperative association.

**CONCEPT REVIEW**

Co-operative movement has cleared the dynamic character of co-operative activities suiting the local and regional environment, economic and social situation. Co-operation is an activity of the people. It is a self-generated, voluntary and self-sufficient activity. As a modern phenomenon, the co-operative form of business organization originated in England amongst the industrial workers in the mid-nineteenth century. Cooperatives started as an urban consumer stores but soon spread to rural areas amongst farmers. Workers had nothing to sell but their labor, as it was a buyers' market. Those who failed to find work in the factories were forced either to rely on insufficient rural assistance, or to starve. By the early 1800s, food prices were artificially high and wages were being reduced, while much of the population suffered extreme poverty and scarcity. During the latter part of the nineteenth century, the concept enhanced several parts of Europe and North America. The earliest co-operative were established among the weavers, workers in cottage industries, who were suffered by moneylenders and mercantile economy during the industrial revolution. The real co-operative movement can be credited to Rochdale Pioneers who established the co-operative consumer store in North England, which can be called as the first in the co-operative consumer movement. Around this time the cooperative movement was more at a practical level. In Great Britain, Robert Owen (1771-1858) established self-contained semi-agricultural, semi-industrial communities. Owen was sure that working-class people, given the right environment, possibly will form co-operative communities. He put this practice in New Lanark, Scotland, where his own business based. Dr. William King (1757-1865) helped to spread Owens doctrine; his ideas were more reasonable than Owens' and he achieved more results. In France Charles Fourier (1722-1837) published a Treatise on Domestic Agricultural Association in 1822, first time on co-operation and Saint-Simon (1760-1865) worked on various theories of associations. Schulze-Delitzsch (1808-1865) was the promoter of urban co-operatives and co-operatives in handicrafts, while F.W. Raiffeisen (1818-1888) did the same for rural credit co-operatives. Early in the twentieth century, the cooperative movement spread to India and gradually to other Asian and African countries; socialist or communist countries, the cooperative movement also operates in capitalist countries such as the United States of America, Canada, Israel and Australia.

**COOPERATIVE DEVELOPMENT IN ETHIOPIA**

Cooperation among people has existed since history has been record. Traditional forms of cooperation involved community members voluntarily pooling financial resources through "iqub", which was an association of people having the common objectives of mobilizing resources, especially finance, and distributing it to members on rotating basis. There were also initiatives for labour resource mobilization that were to overcome seasonal labor peaks, known as "Jigie", "Wonfel", among others. Ethiopia has introduced modern types of co-operatives in various areas of endeavor later than the majority of African countries where their co-operatives were established by the Western powers during their colonization period. In fact, the first consumer co-operative was established in Addis Ababa in 1945 (ILO, 1975). However, it was after decree No. 44 of 1960 that modern or 'imported' co-operatives were officially introduced (Haileselassie, 2003).

It was during the imperial government of Ethiopia that the first decree No. 44/ 1960 was declared in order to form the modern "Farm Workers Co-operatives". This co-operative legislation was enacted three years later than the creation of the Ministry of National Community Development in January 1957 in order to achieve the objectives of the following Departments: Community Department, Co-operative, Social Welfare and Labour (Alemayehu, cited in Redie and Hinrichsen, 2002). The decree No 44/1960 was replaced by "Co-operative Society Proclamation No. 241 of 1966". The main objective of this proclamation was improving the standard of living of the farmers, better business performance and improving methods of production. In reality, this proclamation benefited the wealthy commercial farmers who resided in the most potential areas. The cooperatives were not easily accessible to the ordinary and poor peasants. Despite its limitations, Alemayehu (2002) describes that proclamation No. 241/1966 created a favorable situation for the expansion and development of co-operatives in Ethiopia.

At the end of the Third Five-Year development Plan, 50 agricultural co-operatives were set up with about 11, 000 members and a capital of 6 million Birr (Haileselassie 2003). McCarthy (2001) recognizes that the co-operative society proclamation formed the legal corner stone for the promotion of modern agricultural co-operatives; however, he shows the formation of co-operatives in this period was slow and their performance was weak; until the revolution of the 1974, only 165 agricultural co-operatives with a total membership of 33,400 were established. He asserts that the first Ethiopian co-operatives faced serious obstacles in the land tenure system, banks' collateral requirements, inadequate trained manpower, lack of access to market facilities, absence of membership training programme and inadequate agricultural services. In 1974, the Ethiopian Revolution erupted and the military regime (known as the Derge) came into power.

After a while, the Derge enacted Proclamation No. 71 of 1975 to nationalize all land, which provided for the formation of Peasant Association, Agricultural Producer Co-operatives and Agricultural Service Co-operatives. In 1978, "Co-operative Societies Proclamation No. 138/1978 replaced the proclamation of 1966. The crisis of co-operative identity began at the time when the Derge abolished all co-operatives except the housing and saving and credit co-operatives which were organized under Proclamation 241/1966. The co-operatives were not autonomous organizations, but had purely political character. This was clearly reflected in the proclamation of 137/1978 Article 3.5 i.e. "Co-operative shall be organized to conduct political agitation". Besides, Article 3.6 says: "Co-operative is organized to participate in the building of the socialist economy." ILO (1997 as cited by Haileselassie, 2003) clearly states that many co-operatives in Africa are not (were not until recently) "genuine", because they served the state, a political party or individuals instead of their members. When the state 'incorporates' co-operatives, they can become instruments of oppression instead of participation. An example (though now dissolved) is the peasants' associations of Ethiopia, which forced farmers into collective production against their will.

Therefore, the proclamation was enacted on the basis of socialist ideology. They were considered as the extension of state institutions, and almost all lost their co-operative identity. By 1990, there were 3,723 agricultural producer co-operatives with 302,653 members, and 4,052 agricultural service co-operatives with 4.5 million members and combined assets of more than 422 million Birr. In general, co-operatives in the Derge were characterized by corruption and mismanagement, and served as a vehicle for the government mass collectivization policy as well as a forced recruiting ground for fighting for Mengistu's escalating internal conflicts (McCarthy, 2001). Forced by the internal instability and economic crisis along with the world economic situation, the Derge declared the "mixed economy policy" in 1990. This gave an opportunity to the cooperative members to decide on their future. As they were organized without their will and interest, the majority of co-operatives collapsed. Due to unnecessary government interference and compulsion on membership and leadership, people, throughout the country, have developed a negative view about the co-operative movement and reduced their age-old self-help tradition.

In 1991, the old military regime was defeated in the civil war. The new government embarked on major political and economic reforms. The new constitution provided for decentralization in which substantial political, economic, and social policy power has been devolved to the nine regions and two city council administrations. By abolishing the more centralized economic policy and planning, the new market liberalization policy, which is democratic and decentralized policy, launched the formation of new "Agricultural Co-operative Societies Proclamation No. 85/ 1994". This proclamation restricts the government from negative interference in the internal affairs of co-operatives and initiates the organization of free, autonomous and independent cooperative. For establishment of different types of co-operatives in the country, "Co-operative Societies Proclamation No. 147/1998" replaced the proclamation No. 85 / 1994. This proclamation shall in particular include the following: Agricultural, Consumer, Housing, Industrial and Artisan Producers', saving and Credit, Fishing and Mining Co-operative Societies. Under this proclamation, co-operatives are organized to solve problems collectively, to achieve a better result by coordinating their knowledge, wealth and labour to promote self-reliance, to improve the living standard of members and so on. The Ethiopian government is trying to promote co-operatives with the objectives of developing them into autonomous self-help institutions. This was the main reason for setting up the Cooperative Promotion institution in each region, zone and woreda.

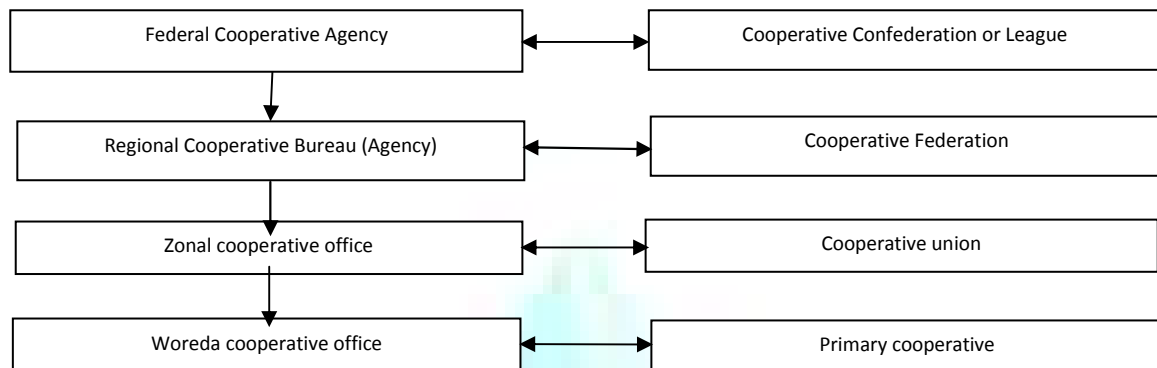
**INSTITUTIONAL ARRANGEMENT FOR COOPERATIVE DEVELOPMENT IN ETHIOPIA**

In Ethiopian Cooperative policies and strategies are designed by the FCA and approved or enacted by the appropriate legislative body. The policies define how the cooperatives are organized and supported by cooperative promotion institutions. Though functionally they stand as independent institutions, cooperative



organizations are closely linked with the supporting government cooperative institutions. The level of organizational hierarchy varies across regions. The figure below shows the common organizational hierarchy of cooperative organizations and the supporting government structures at different levels

**FIGURE 1: INSTITUTIONAL ARRANGEMENT FOR COOPERATIVE DEVELOPMENT IN ETHIOPIA**



The Federal Cooperative Agency (FCA) is organized at the federal level to provide support and capacity building services to regional cooperative institutions. The FCA is the highest government structure for cooperative promotion in Ethiopia. FCA has a mandate that includes:

- Overseeing the appropriate implementation of cooperative policy.
- Designing cooperative policy and legal procedure consistent with international convention on cooperatives.
- Ensuring policy coherence between cooperative policy and the broader policy environment.
- Formulate policy and prepare draft laws for the promotion and development of cooperatives, and submit the same to the government and follow up their implementation.
- Encourage that the organization of cooperatives in accordance with international convention on cooperatives.
- Undertake research and study to promote traditional and self help associations to modern cooperatives.
- Organize, register and Issues license of the legal personality.

### REGIONAL COOPERATIVE PROMOTION AGENCY

Regional cooperative promotion agency organized at regional level to renders tremendous services to zonal, district level cooperative offices and cooperative organization. The Cooperative Promotion agency provides trainings for cooperatives promoters in order to facilitate cooperative development. The agency allocates budget for trainings to be undertaken by zonal and district level offices experts. The cooperative promotion agency provides material supports to rural saving and credit cooperatives and also providing technical supports in establishing cooperatives. These supports are being rendered directly or indirectly through the organizational structure and regional cooperative promotion agency. Membership drive in cooperatives depends upon the skill, capacity of manpower at district level cooperative offices. In addition to this it depends on the services provided by cooperatives to their members. However the services provided by regional level plays an important role in increasing membership cooperatives. The regional cooperative promotion bureau has a mandate that includes:

- Organize cooperative union and federation
- Promote the dissemination of information to cooperatives
- Encourage the development of cooperatives as autonomous and self managed enterprises Strengthen the competitiveness of cooperatives and gain access to market and investment finance
- Develop business potential including entrepreneurial and managerial capacity
- Promote and protect cooperative value and principles
- Facilitate access of cooperatives to regional and national data such as market information
- Providing legal book keeping, audit and inspection services as well as technical support

### ZONAL COOPERATIVE OFFICE

Zonal cooperative promotion office organized to provides support to district level cooperative promotion offices and cooperative societies. The office provides business skill training for cooperative promoters; it also provides technical supports for cooperative organizational and promotion activities; the office provides training for cooperative promoters; provides technical support for preparing training manuals. The organization provides ideas how to improve the cooperative organizational management, it also provides supports to district cooperative offices promoters for establishment of cooperatives during service delivery members are encouraged to become member of cooperatives. Further those who are members of cooperatives have developed their awareness and know how to run business and also members who have participated in training got awareness about the concept of Being member of cooperative can change their life . Generally zone cooperative promotion office has a mandate that includes:

- Follow the organizing activities undertaken in their zones through each woreda's cooperative organizer.
- Register the newly organized cooperatives and provide legal personality.
- Promote cooperative fund in their zones based on their viability.
- Direct woreda cooperative promotion offices and provide them current reform and adjustment made at regional level.
- Supervises and control woreda cooperative promotion offices in returning the loan at primary cooperative societies borrowed from lending institution.
- Supervises the overall operational activities of the union fund in their zone.
- Provide training on current issues and direction to the woreda cooperative promotion office employee.

### DISTRICT COOPERATIVE PROMOTION OFFICE

District level cooperative office organized to provides capacity building services, register and technical support to primary cooperative organization. The services are focused on areas of cooperative education for cooperative members and committee members. The district provides monitoring loan repayment. If the loan repayment is not in time, the cooperatives cannot disburse new loan. For that reason the promoters follow the cooperative members to pay the loan in time. The district allocates budget for training and assigns the trainer to conduct training.

### COOPERATIVE DEVELOPMENT IN SNNPRS

At regional level before 1994, there were about 750 agricultural cooperatives, 100 carpenters' cooperatives, 64 housing cooperatives and 43 saving and credit cooperative societies at primary level that have been established and giving different services for their members. As a result, up to June 30/2000 E.C including the reorganized ones the number 19increased to 2381 cooperatives and 32 unions. These primary cooperative societies have been organized in 24 different

types of work profession and giving diversified services for their 928,232 members with their capital of 164,809,826 birr. With regard to youth packages, youth have been engaged and organized in more than 49 different work professions and 3496 primary cooperative societies have also been registered and received temporary legal personality certificate. These cooperatives have 109,996 members with their capital of 2,473,540 birr from the share. As a result a lot of job opportunities created. In general, the primary cooperatives societies those have been established and received legal personality certificate at regional level are 5877 having 1,038,230 members. This shows that from 1994 onwards the number of primary cooperatives increased above 6 fold and working in different areas. Among the primary cooperatives about 956 engaged in agricultural marketing and play an important role in providing agricultural inputs and increasing production and productivity to the farmers. Similarly, 935 saving and credit cooperatives have been giving services in rural and town areas by building the capacity of their members being as finance source to solve economic and social problems by developing saving culture of community. In different towns of the region, 125 housing cooperative societies who have 4096 members and many of them has become owner of their houses and the remaining are in progress.

### STATEMENT OF THE PROBLEM

Incidentally, cooperative despite its old age is not very popular in Ethiopia. The problem is that many people do not know much about cooperative, its mechanisms and role in economic development, and how it is considered in the world as a Third Force, an alternative and countervailing power to big business. However, the federal and regional governments have realized the contribution of cooperatives to economic and social development, food security and poverty reduction in Ethiopia. As a result, the Government has been committed to the promotion of cooperative development through its cooperative support institutions. These efforts have seen a steady increase in the number of cooperatives in Ethiopia in the recent year moreover, in SNNPRS the regional government through marketing and cooperatives bureau has continued to play a key facilitating role in the expansion and development of cooperatives in SNNPRS region. The bureau has been working on enabling the cooperative sector to become vibrant, strong, by creating linkage between cooperative and government, research institution as well as cooperative support institution such as RUFIP, HABP, USAID, ACIDI VOCA soon. This effort has brought tremendous increase in the number of cooperatives societies and union in the region over the last three consecutive years. Since, the SNNPRS marketing and cooperative bureau facing the following problem to expansion and development of cooperatives throughout the region are inadequate human resource, insufficient funds, wrong attitude of the societies towards cooperative and lack of efficient staff with requisite qualification. These problems hinder the SNNPRS marketing and cooperative bureau in the expansion and development of cooperatives. Hence, the researcher are enforced by these entire problem to assess the role of SNNPRS marketing and cooperative bureau in the expansion and development of cooperatives and finally to suggest possible measure to address the problem and strengthen the role of the bureau in the expansion and development of cooperatives.

### OBJECTIVES OF THE STUDY

#### GENERAL OBJECTIVE

To assess the role of SNNPRS Marketing and Cooperative Bureau in Expansion and Development of Cooperatives.

#### SPECIFIC OBJECTIVES

1. To analyze the role of SNNPRS Marketing and Cooperative Bureau in Organizing Cooperatives.
2. To assess the Promotional Role of the Bureau in the Expansion and Development of Cooperatives.
3. To suggest possible measure to strengthen the Role of the SNNPRS Marketing and Cooperative Bureau in the Expansion and Development of Cooperatives.

### HYPOTHESES OF THE STUDY

1. The SNNPRS Marketing and Cooperative Bureau do not contribute to Expansion of Cooperative movement in the study area.
2. The SNNPRS Marketing and Cooperative Bureau do not contribute to Development of Cooperative movement in the study area.

### SIGNIFICANCE OF THE STUDY

The result of the study will serve as a base for future investigation, it will also helps to decision maker and practitioner to analyze the role of the cooperative bureau for cooperative development and its key performance.

### LIMITATION OF THE STUDY

The study limited only SNNPRS marketing and cooperative bureau which had very limited sample size. And also it is difficult to getting reliable information from the employees of bureau.

### RESEARCH METHODOLOGY

This study is only confined to the role of SNNPRS marketing and cooperative bureau, Hawassa town. Therefore, Case study method was adopted for this study. The data was collected from SNNPRS marketing and cooperative bureau.

#### SOURCE AND DATA USED

The researcher used only secondary data for this study. The secondary data were collected from the employees of the bureau and report, document, and manual maintained by the bureau and also from various journals, reports, books, and related websites.

#### TOOLS AND METHOD OF DATA COLLECTION

The required data for the study were collected by using well prepared schedule.

#### METHOD OF DATA ANALYSIS

The data was analyzed with simple statistical tools such as growth rate and average.

### RESULTS AND DISCUSSION

SNNPRS Marketing and Cooperative Bureau since its inception has been working as a key facilitating role in the promotion of cooperatives. The bureau has continued to enable the cooperative sector to become self sufficient, vibrant, strong, effective, nationally and globally competitive by creating linkage between cooperative movement and the government. The bureau of SNNPRS marketing and cooperative has a clear strategy, objectives on the promotion of cooperatives. The strategy document, prepared in 2006, describes the statements of goals and intents of the government for cooperatives of all types in the country. It is the intention of the bureau that when implemented, the strategy framework will facilitate the creation of a vibrant cooperative movement in SNNPRS. It is hoped that cooperatives will represent a major component of private sector enterprise, providing income, and employment opportunities for a significant part of the population, especially in the rural areas of the country. The nature of a vibrant cooperative development will include an autonomous, self reliant and sustainable cooperative structure, effectively and efficiently meeting the need of grassroots and secondary cooperative organizations. The strategy on the promotion of cooperatives incorporates the seven universal principles that are recognized by the international community, including the Statement on the Cooperative Identity as stipulated by the International Cooperative Alliance.

The promotional strategy encourages all categories of cooperatives, including and not limited to savings and credit cooperatives, agricultural production and marketing cooperatives, fishery cooperatives, handicraft. The strategy on the promotion of cooperatives also to promote an autonomous and economically viable cooperative movement, based on cooperative values and principles. The cooperatives will be able to contribute to social integration and the uplifting of the standards of living of the members. The bureau's strategy aims is to creating a conducive environment for the promotion of economically viable, member-based, democratic, and autonomous co-operative business entities in accordance to ILO Recommendation No. 193 of 2002. To these effect cooperatives in the

region has become an important player in the socio economic development of the region .cooperatives in the in SNNPRS cut cross all sector of the economy and provided an important framework. In particular, bureau has been working in the promotion of cooperatives through the following:

- Sustain efforts to generate public awareness of the distinct advantages and strengths of cooperatives and cooperative values, especially member empowerment, in order to foster the creation of cooperatives in new, emerging or traditionally underserved areas;
- Focus support on cooperatives as sustainable and successful business enterprises that contribute directly to employment generation, poverty reduction and social protection, across a variety of economic sectors in urban and rural areas;
- Promote the growth of financial cooperatives in order to attain the goal of inclusive finance by providing access to financial services for all, specifically by adopting policies that expand the span and scope of financial cooperatives and credit unions through appropriate incentives in tax structures and access to services and markets;
- Promote the growth of agricultural cooperatives in order to attain the goal of food security by cultivating comprehensive growth in the agricultural sector, specifically by improving financing options, sustainable production techniques, investments in rural infrastructure and irrigation, marketing mechanisms and the participation of women;
- Intensify and expand the availability and accessibility of research on the operations and contribution of cooperatives, and establish methodologies for the collection and dissemination of comparable global data and the good practices of cooperative enterprises,
- Review and improve legislation on cooperatives and State regulatory capacity, especially by establishing a level playing field for cooperatives as compared with other enterprises.

**TABLE 2: NUMBER OF COOPERATIVE UNION PROMOTED BY SNNPR MARKETING AND COOPERATIVE BUREAU**

Types of Cooperative Union	No. of union	Percentage
Coffee production and marketing cooperatives	5	12.0
SACCOS	15	30.0
Consumer cooperatives	2	8.8
Irrigation cooperatives	1	4.4
Vegetable and fruit cooperatives	1	4.4
Grain production and marketing cooperatives	17	32.0
Livestock cooperatives	1	4.4
Honey and honey product cooperatives	1	4.4
<b>Total</b>	<b>44</b>	<b>100.00</b>

Source: Data compiled from SNNPRS MCB, 2012.

Table 2 shows that types of cooperative union promoted by SNNPR Marketing and Cooperative Bureau revealed that 17 (32 percent) cooperatives were under the types of Grain production and marketing cooperatives, followed by 15 (30 percent) were SACCOS. Rest of them was only very low percentage. Because in this region the grain production is one of the main cultivation of the people, and also Savings and Credit Cooperatives is improving the living standard of the people especially in rural poor.

**TABLE 3: TYPES OF PRIMARY COOPERATIVES BY ACTIVITIES**

Type of Primary Cooperatives	No. of Coops	Percentage
Incense and gum	2	0.09
Multipurpose farmers coops	118	5.50
Handloom and handy craft	50	2.33
Irrigation cooperatives	128	5.97
Housing cooperatives	80	3.73
Vegetable and fruit	50	2.33
Coffee production and marketing	10	0.47
Livestock production and marketing	39	1.82
Mining cooperatives forestry	42	1.96
Grain production and Marketing	300	13.99
Milk production and marketing	24	1.12
Forestry cooperatives	163	7.60
Fishery cooperatives	16	0.75
Service cooperatives	200	9.32
Youth cooperatives	240	11.19
SACCOS	242	11.28
Education and training	3	0.14
Honey	90	4.20
Consumer	348	16.22
<b>Total</b>	<b>2145</b>	<b>100</b>

Source: Data compiled from SNNPRS MCB, 2012.

Generally SNNPRS marketing and cooperative bureau has been contributing significantly to improving cooperative performance by facilitating access of cooperatives to support services. In particular, support to cooperative human resource development is considered to be key element. Cooperative success can often be attributed to the success of comprehensive HRD programmes for all stakeholders in cooperatives - members, workers and managers. The bureau has adopted Measures to develop the capacities and knowledge of the values, advantages and benefits of the cooperative movement, and to develop technical and vocational skills, entrepreneurial and managerial abilities, and knowledge of business potential and general economic and social policy skills of cooperative members, workers and managers and improve their access to information and communication technologies. Further the bureau has been promoting education and training in cooperative principles and practices throughout the society. The bureau has also been promoting safety and health, productivity and competitiveness in cooperatives, facilitating access to credit, markets and information, promoting best practice in corporate governance, strengthening gender equality, promoting workers' rights and facilitating vertical and horizontal linkages among cooperatives. In particular the bureau gives the following support in the promotion of cooperatives; Business planning and Technical support, Marketing, Capacity Building, Feasibility studies, financial support, leadership development and cooperative education and training

### COOPERATIVE EDUCATION AND TRAINING

SNNPRS marketing and cooperative bureau has provided continuous education and training to cooperatives, especially in changing the attitude of members towards cooperatives. A majority of members understand the general concepts and principles of cooperatives and the members' role. This is the result of a one-day awareness creating training session and discussions with member farmers repeated two or three times per year through the bureau. Frequent training in a

wide variety of topics has been given to board members, executive committee members, and to the accountant. In primary cooperatives, accountants are being groomed to be managers, and they generally attend courses designed for managers. Thus the accountant and the board chairman have attended several courses designed for managers. The specific training offered through bureau of marketing and cooperatives over the last 4 years to participants from the cooperative is shown in Table 4.5.

**TABLE 3: TYPES OF TRAINING PROVIDED BY THE BUREAU (in numbers)**

Types of Training	2010	2011	2012
Board member training in cooperative development	150	300	400
Accountant training on cooperative accounting	640	765	-
Farm member training	732	342	312
Audit service for cooperative	375	-	-
Financial management	-	328	231
Training of Internal control installation and others	165	732	123
<b>Total</b>	<b>2062</b>	<b>2467</b>	<b>1066</b>

Source: Data compiled from SNNPRS MCB, 2012.

The board members have been given training in general cooperative development, business management, marketing, savings and credit, storage management and grain quality control, as well as internal control systems. The accountant and the board chairman have participated in a variety of training in topics such as cooperative management and accounting, business skill development, financial planning and credit management, savings and credit, grain quality control and post-harvest loss minimization, working capital and warehouse management, and internal control systems. In addition to the local training, the previous chairman and the accountant participated in a study tour of Kenya. For example, the progress made in grain marketing and uninterrupted dividend payment is unique achievements. Even during 2003, when most cooperatives declared a loss due to the depressed agricultural commodity prices, this cooperative managed to pay dividends. While training could have been more frequent and more intense, the impact of the training on improved cooperative management capacity has been impressive. The training in credit and finance has been instrumental in helping members to effectively manage input loans and personal loans, which are significant. Training related to marketing and price information has helped regarding decision making on when and how to buy and sell grains, and in assessing the competition. Prices are determined based on the full costs involved: for example, prices of grains take into account depreciation and interest expenses, per diem and transport expenses, etc. The cost accounting system has helped business planning, though more improvements are necessary. The annual plan essentially focuses on inputs supply and grain marketing (as opposed to other services such as credit services and tractor services). Other activities have also been considered. For example, consumer goods services<sup>7</sup> has been discontinued because it was found to be unprofitable due to stiff competition with small private retailers. Dividend payments have been properly managed based on the training received. In conclusion, the cooperative's young leadership is responsive to the training by the bureau. Executive members are receptive to new ideas and working hard to make their cooperative dynamic and a role model within their community. They closely monitor the active participation of each member. For example, through the input loans and personal loans, all members are actively participating in the activities of the cooperative. They are exercising owner-user, owner-managed and owner-controlled principles of a primary cooperative learned through the training provided by the bureau.

### CAPACITY BUILDING OF COOPERATIVES

Since, the members of cooperatives are the pillars of their business and operation, the process of building their capacities is very crucial for sustainable existence of the SNNPRS marketing and cooperative bureau has been working in building the capacity of cooperatives in areas of membership mobilization and education, organizational development, capital formation in cooperatives, leadership development, business development, market access and sale, and financial services. Specifically the bureau emphasis on:

- a. Enhancing managerial efficiency by incorporating better management methods and techniques through a process of continuous training and development. This involves: development of appropriate methodology for the training of managers; development of training infrastructure and utilization of existing training infrastructure through appropriate changes and modifications; development of a cadre of well-informed trainers; development of suitable and practical training materials; incorporation of on-the-job learning opportunities for managers; providing exposure to managers to learn;
- b. Enhancing management leadership capacities and capabilities through a process of intensive training and extension work at the level of committee members, leadership functionaries and key members. This involves: development of appropriate methods and training resources; utilization of existing training infrastructure; and exchange of experiences with a view to take well-considered business decisions and developing a fruitful relationship with the members and managers;
- c. Enhancing physical capacities of agricultural cooperatives to produce and market safe and fresh farm products with a view to generate earning capacities of the local farmers by making use of the local products. This involves adoption, adaptation and pursuing other methods of enhancing business capacities of agricultural cooperatives e.g. and members in post harvest handling and processing for improved quality product. The following are some of the capacity building service provided to cooperative union and primary cooperatives as well as cooperative federation for the last three consecutive years.
  - a) Assisted with legal, technical and in business formation, provided start-up capital
  - b) Training and support on how to operate their business
  - c) Trained managers, and board members in cooperative principles and basic business and marketing skills. Organized initial tours to other local cooperatives for manager, staff, and board members to learn of their operations. Shared cost of opening office – office rental, furniture, equipment, computers, and training materials.
  - d) Providing Business, Technical, and Marketing Capacity Building.
  - e) Provided cooperatives with advanced business skills such as accounting and auditing, warehouse controls and human resource management training.

### MARKETING

The markets that the co-operatives have to rely on are generally unstable. The fact that market research is not done, results in the inability of the co-operatives to find sustainable markets for their products. Some of the co-operatives produce enough that is ready for the market, but they are unable to find a stable market. To remedy this problem the bureau has been assisting cooperatives with regard to finding markets and generally to train the producers how to price their products

### ACCOUNTING AND AUDITING

Audit of Co-operative Societies is an integral part of the supervisory system. It gives not only financial assessment of the Cooperative Society but also an assessment of the Management of that Society. The Responsibility for conducting audit in SNNPRS rests with the State through bureau of marketing and Co-operative movement in Tripura started in 1964 and over the years there has been a Gradual expansion in size, numbers and volume of operations of Co-operative Societies in the State. Now Co-operative Societies of diversified activities have come up and with the Growth of the Co-operative movement its accounting system also gets complicated. Audit of Co-operatives has become a big job to complete it in time maintaining the quality and Efficiency. With development in the Co-operative movement internal structures and procedures in some areas are required to be strengthened. The Audit of a Cooperative Society is much more elaborate than Audit of a Commercial Undertaking. Besides certifying the correctness of the Balance Sheet and the Profit & Loss Account, the Auditor has also to ascertain how far the Society has achieved the objects for which it has been organized on a cooperative basis. Thus, the amount of Profit available for Distribution is not the only result expected in the Audit of c Cooperative Society. How far the Society has succeeded in furthering the moral and material well being of its members is an important aspect of which the Audit is required to focus. Besides the above, audit of cooperative societies has to take into consideration the Adherence to provisions of the Cooperative Societies Act & Rules and other relevant Act as Well as the Bye-laws of the society. As Co-

operatives are group of enterprises carrying out economic activities and participating in the Market. They are usually run by people without much business experience. Therefore, there is need for internal and external audit, to discover mistakes and to protect members, creditors and the Public. To this effect audit of a cooperative society in SNNPRS at present is being carried out by specially trained cooperative auditor of cooperative promotion bureau. The SNNPRS marketing and cooperative bureau has been providing auditing services to cooperatives to protect against theft and lose, and also to develop and promote transparency, strengths and self sustainable and introduce financial and accounting management system to cooperatives. The following are the some schemes are provided by the SNNPRS Marketing and Cooperative Bureau to Expansion and Development of Cooperatives in the study area.

- a. Provide auditing to all types of cooperatives and farmer associations according to the Cooperative Societies Act.
- b. Prescribe suitable accounting systems for cooperatives and farmer associations.
- c. Provide training in financial and accounting aspects for cooperatives' and farmer associations' members, staff and board members.
- d. Prescribing accounting system for cooperatives and farmer association
- e. Providing training courses for cooperative's grass-root members, committee members and managers in accounting. –
- f. Supervising the performance of Provincial Auditing Offices. -
- g. Auditing all types of cooperatives and farmer associations in provincial areas,
- h. Providing regular counseling for cooperatives' bookkeepers and managers in accounting and financial aspects
- i. Providing training and counseling in basic accounting to the farmer.
- j. Provide audit and supervision services to Co-operative Societies in SNNPRS
- k. Give advice on audit and accounting procedures and to formulate audit and accounting policy for adoption by Societies.

#### FINANCING

The role of the bureau in financing co-operatives is in the areas of providing loans and credits, subsidies and grants.

#### A) LOANS AND CREDIT

The bureau provides loans to co-operative with which the societies are expected the use and executes viable projects. The bureau through the appropriate cooperative support institution gives loan to co-operative society to meet its financial obligations to members and the society. For example RUFIP provides loan to saving and credit co-operative.

#### B) SUBSIDIES AND AIDS

A co-operative society receives grants/aids from government international organizations, etc. The grants are not usually repaid. Related to the giving of grants, the bureau in collaboration with regional government pays for the annual subscriptions of some apex cooperative organization such as cooperative federation which existence is not purely for economic but to provide services to the affiliate members.

#### PROBLEM OF SNNPRS MARKETING AND COOPERATIVE BUREAU

Even though SNNPRS marketing and cooperative bureau has been playing an important role in the development of cooperatives, it has been facing some problems. It was indicated that the bureau are not fully staffed and that the turnover rate is high, unfortunately, nonprofessionals has undertaken Cooperative promotion activities. It is interesting to note that most of the staff working and managing cooperatives have not been formally trained in cooperatives. For instance, only some staff member has been formally educated in cooperatives. The others are assigned from related fields, such as economics, agriculture, and management. The most notable instability in the Ethiopian public institutions is frequent organizational restructuring. For instance, in the First instance the bureau was restructured and merged with the Rural Development and Agriculture Bureau. For the last four years, the employees of bureau did not receive adequate technical support due to the absence of trained experts in cooperatives in the Bureau. This restructuring has had negative consequences on the development and strength of the cooperative movement. The other problems are financial problem, management problems and etc.

#### SUMMARY OF THE FINDINGS

1. SNNPRS marketing and cooperatives bureau facilitate the organization of cooperatives in the region .The bureau has been working in the organization of viable, dynamic, autonomous, self reliant and self sustaining cooperative movement that can play a major role in economic, social as well as cultural development of the region through effective and efficient services extended by cooperative enterprises to their member.
2. Since, the establishment of marketing and cooperative bureau the cooperative sector in SNNPRS has grown .This is attributed by the favorable environment created by the bureau. To this end, currently the regional cooperative movement encompasses 8923 primary cooperatives and 44 cooperative unions, which involve in diverse economic and social activities to serve their members. The number of participant members in these primary cooperatives are1, 292,074 out of which 1,212,123 are men and the remaining are women.
3. The SNNPRS marketing and cooperative bureau was organized different economic activities such as Producers' Cooperatives, Marketing Cooperatives, SACCO's, Consumer Cooperatives, Handcrafts Cooperatives, Mining Cooperatives, Housing Cooperatives, Construction Cooperatives, Multipurpose Cooperatives and Services Cooperatives, among others.
4. The SNNPRS marketing and cooperative bureau provided education and training for cooperative development .the emphasis of the training was on areas of cooperative development, cost accounting, cooperative management and cooperative accounting etc.
5. The bureau provides financial support to cooperatives in terms of loan and subsidies in collaboration with cooperative support institution such as RUFIP.
6. The bureau supports cooperatives in marketing of their produces.
7. The bureau provide audit and supervision services, providing regular counseling for cooperatives' bookkeepers and managers in accounting and financial aspects, providing training services for accountant in cooperative accounting.
8. The bureau in collaboration with cooperative support institution has been working in building of the capacity of cooperatives in areas of membership mobilization and education, organizational development, capital formation in cooperatives, leadership development, business development, market access and sale, and financial services.
9. The bureau has facing some problems such as, lack of skilled man power, lack of adequate fund, high employee turnover and less cooperative institution.

#### RECOMMENDATION

Based on the findings the following recommendations are forwarded.

1. The bureau need to establish partnership with relevant government institution and agencies to overcome the bottleneck problem associated with finance to effectively work in the expansion and development of cooperatives.
2. It is likely that the bureau required to partnership with cooperative support institutions such as NGO.
3. The bureau take necessary action to encourage the development of autonomous and independent cooperatives though it has problems through establishing linkage with government and international cooperative development organization as well as other private business enterprises.
4. The bureau required to increase the working force (number of Employees) that capable the bureau to work effectively in the development of cooperatives.
5. The bureau needs to give special attention to the implementation of government policies, strategies and regulations as well as international conventions on cooperatives to facilitate autonomous cooperatives.
6. The bureau should support cooperatives rather than control.
7. The bureau needs to take special attention in the area of cooperative training.

**CONCLUSION**

The result the study shows that bureau has been working to build the capacity of cooperatives in areas of capital formation, it provided continues education and training for the last 3 consecutive years, the emphasis of the training was on cooperative accounting, auditing, financial management and marketing. The study also conclude that SNNPRS marketing and cooperative bureau has continued to play as a key facilitating role in the organization of cooperatives, the bureau has been working on enabling the cooperative sector to become competitive as well as efficient by crating linkage between the government and cooperative movement and cooperatives in SNNPRS cut cross all sector of the economy and provides an important frame work for the mobilization of both human and capital resources with a membership and capital basis registered cooperative. This growth is attributed through the favorable environment created by the bureau and also the SNNPRS marketing and cooperative bureaus provides accounting and auditing services for all types of cooperatives, financial support, business planning, capacity building services and training for the development of cooperatives. The SNNPRS marketing and cooperative bureau has seen cooperative development as an interventionist approach in the fight against regional socio economic imbalance. At the same time the bureau seen as one of the inhibiting factor for the development of cooperatives. Since, its inception the bureau has been emphasizing the advantage of cooperatives in building social economy and contributing to regional and national economy. The bureau has been extending support to promotion of cooperatives in different forms such as financial support, managerial support and marketing and business planning. The bureau has significantly contributing in the expansion and development of cooperatives still the bureau has been facing a number of problems. These problems among others are human resource problem, financial problem, management problem etc., and the SNNPRS marketing and cooperative bureau has been working to organize cooperatives in to innovative sector in order to diversify the activities of cooperatives.

**SCOPE FOR FURTHER RESEARCH**

The general objective of the study is to analyze the role of SNNPR Marketing and Cooperative Bureau in the expansion and development of cooperatives, so it will serve as a base for future investigation to study the different aspect of cooperative expansion, promotion and development in the world. And also this study is only confine cooperative expansion and development in vertical approach, therefore, the future researcher may be study about cooperative expansion and development in horizontal approach.

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**APPENDIX****INTERVIEW SCHEDULE**

**TITLE: THE ROLE OF SNNPRS MARKETING AND COOPERATIVE BUREAU IN THE EXPANSION AND DEVELOPMENT OF COOPERATIVES IN SNNPR REGION, ETHIOPIA, AFRICA**

**Question related with background profile of the bureau.**

1. When the bureau was established?
2. When the bureau started its function?
3. What are the objectives, functions, mission and vision of the bureau?

4. What is the organizational structure of the bureau?

**Question related with Organizational activities**

5. What types of support the bureau provide in organizing cooperatives?

6. Have the bureau introduced support measures to organize cooperatives into innovative sectors like , formal education, construction and other public policy initiatives such as livelihood creation and security for the disadvantaged etc, to diversify the activities of the co-operatives ?

7. Are the cooperative organized in accordance with ICA principles and proclamation NO.147/98?

8. What are the trends in the organization and growth of various types of cooperatives in the region?

9. Does the bureau collect data on cooperatives?

a. Yes -1 b. No -2

If "yes", please go to Question 10

10. How many cooperatives have been organized and registered in the region?

Types of cooperative union	No.coop	Type of coop union	No.coop
Coffee production and marketing		Livestock	
SACCOS		Others (specifies)	
Consumer			
Irrigation			
Vegetable and fruit			

Agriculture based Cooperatives		Non-Agricultural Cooperatives	
Type of cooperative coops	No. of coop	Types of coop	No. of coop
Sugar cane		Education and training	
Multipurpose farmers cooperatives		Saving and credit	
Livestock production cooperatives		Consumer	
Milk production and marketing		Mining	
Irrigation cooperatives		Hand crafts	
Livestock marketing		Fishery	
Coffee production and marketing		Housing	
Vegetables and fruits		Construction	
Grain production and marketing		Forest products	
Others(specify)		Others(specify)	

**Question related with Promotional activities**

11. What forms of support does your bureau provide to cooperatives, e.g. marketing, financial support and business planning, etc?

12. Since its inception, the bureau has been extending support to the cooperatives in different forms such as financial assistance and managerial support to promote employment, and income generation.

13. What is the current position of such, support package for cooperatives?

14. Does the bureau provide capacity-building opportunities for cooperatives?

a. Yes -1 b. No -2

If "Yes", on what areas does the bureau focus capacity-building opportunities for cooperatives?

15. What measures have been taken by the bureau to develop innovative strategies for capacity building of co-operatives?

16. Does the bureaus provide education and training opportunity for cooperatives?

a. Yes -1 b. No -2

If "Yes", what types of training provides?

Sl.no	Types of training	2010	2011	2012
1	Farm member training			
2	Accountant training on cooperative accounting			
3	Managers training in cooperative development			
4	Audit service for cooperative			
5	Financial management			
6	Training of Internal control installation and others			

Thanks for taking time to answer this question on the behalf your bureau. Your responses are much valued.

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