

Grassroots Co-operatives – a solution for poverty alleviation and a means for development activity at the local level. A case study of the new co-operatives in Loppi Municipality, South-Finland and informal co-operatives in Azezzo town, North-West Ethiopia

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Abstract

The 7th principle of co-operatives “Concern for Community” adopted worldwide in 1995 as a statement on Co-operative Identity emphasizes that co-operatives work for the sustainable development of their communities through policies approved by their members. This statement is in line with the Plan of Implementation of the UN’s World Summit on Sustainable Development (WSSD) 2002.

In order for the co-operatives to grow and be more effective policy changes are required. In countries where co-operative development has attained its peak e.g. Finland, the operational pattern of co-operatives nowadays is based on the concept of new co-operatives. Especially in the mid-1990s, during the time of tremendous structural and policy changes had occurred due to Finland’s membership in the European Union, there was a strong increase in the number of new co-operatives alongside the traditional Finnish co-operatives. This is to a great extent the result of the effort put on implementation of the principle “Concern for Community”.

Co-operatives should be rooted in communities and respond to their members’ and their communities’ interests. From the operational point of view of co-operatives some experiences of new co-operatives in Finland, show interesting similarities with the activity of informal co-operatives in Ethiopia. The similarities between the foregoing examples are more with regard to the organizational structure. All these co-operatives are locally-based ones.

A study of Azezzo town in north-west Ethiopia demonstrates that the work of its multi-purpose informal co-operative associations – a part of the community for more than 3000 years – has attempted to solve several local key-problems related to socio-economic development, poverty alleviation, environmental degradation, integration of people of different background, maintenance of religious and cultural heritage as well as build peace at the local level.

On the other hand a study of Loppi municipality in southern Finland reveals that new co-operatives are in most cases used for diversification of livelihoods.

Co-operative development in these communities thus requires besides policy changes emphasis on liberalisation of co-operative administration, conducting research and exchanging experiences and ideas via establishment of partnerships with co-operative institutions and researchers in countries such as Finland which can provide stimulating ideas that could be adopted in countries with less co-operative development.

The aim of this paper is to discuss the versatile role played by formal and informal co-operatives in regard to community development, poverty alleviation, community empowerment and livelihoods diversification. Additionally the discussion includes the challenges of disseminating knowledge about the co-operative principles and values to co-operators at grassroots level and shifting the operation of informal co-operatives to formal co-operatives in accordance with the 7th co-operative principle, “Concern for Community”.

Key words: new co-operatives, informal co –operatives, poverty alleviation, socio-economic development, community development, north- west Ethiopia, Azezzo, Finland, Southern Finland, Loppi, sustainable development, partnership.

1. Introduction

Co-operative development is an important part of sub-Saharan African countries' rural, urban, agricultural development and food security policy. Co-operatives are expected to serve a broad set of socio-economic and political objectives. These objectives range from self-help, grass root participation, income distribution, exploitation of economics of scale, social control over resources to mobilisation of rural population and increasing its productivity. Especially the strengthening of the rural and urban institutions has become one of the key areas in the co-operative development efforts in many countries in sub-Saharan Africa including Ethiopia.

In recent years, co-operative development policy has been a high priority especially in sub-Saharan Africa and also a focal point of discussion at national and international levels. This is due to the very fact that co-operatives are considered as a tool for alleviating poverty, generating employment and strengthening communities as well as provide better livelihood opportunities to rural and urban populations.

During the World Summit on Sustainable Development (WSSD), 2002, Johannesburg one of the focal point of discussions was the situation of poverty prevailing particularly in sub-Saharan Africa. In view of the discussions undergone during the summit and later on documented in the plan of implementation of the WSSD, the crucial role of co-operatives was stressed in promoting sustainable rural and agricultural development which is important to the implementation of an integrated approach to increasing food production, enhancing food security and food safety in an environmentally sustainable way.

The informal of co-operative rooted in communities would enable to respond to problems related to the current socio-economic development, poverty alleviation, food security and peace-building phenomenon at the local level. Due to this, thus it is justified to consider them as a real potential source of enhancing development. However, policy changes are required to enable the informal co-operatives to grow and to be more effective. For example, in north-west regions of Ethiopia, there are abundant community based informal co-operatives, which offer several services at the local level.

In Finland which is the leading co-operative country in the world, the operational pattern of the new co-operatives follows the co-operative principle, "Concern for Community". The new co-operatives play significant role in diversifying means of livelihood for their members particularly at the time of structural and policy changes caused due the country's membership in the European Union (EU).

From the point of view of the practical mode of operation of the new co-operatives in Finland and the informal co-operatives in Ethiopia, there are similarities between both with regard to the organizational structure. These co-operatives are locally based ones.

Based on the above-mentioned facts, this paper discusses and shares information as well as views for initiating further exchanging of ideas in regard to the versatile role played by the new and informal co-operatives in two different societies with examples of case studies carried out by the author as regards the impacts of the Common Agricultural Policy (CAP) on the development needs of co-operatives and advisory services among farmers in the municipality of Loppi in southern Finland and the role of informal co-operatives in socio-economic development policy in Azezzo town in north-west Ethiopia.

2. Case Finland

2.1. A case study among farmers in the municipality of Loppi in southern Finland: The impacts of the Common Agricultural Policy (CAP) on the development needs of co-operatives and advisory services

2.1.1 Background

Self-sufficiency in food production can be guaranteed when agriculture is practiced on the basis of private ownership. This is the farming policy adopted in Finland with the support of co-operatives. However, since Finland joined the European Union in 1995, considerable structural changes have occurred, influencing the different sectors in the entire Finnish society. In particular, the integration process of the Finnish agriculture to the EU's Common Agricultural Policy (CAP) introduced completely new elements into the structure of agricultural policy, with major impacts on the agricultural entrepreneurs (Sipiläinen et.al 1998). Especially the socio-economic situations of the small-scale farmers as well as the possibility for them to earn their livelihood from farming were likely to be at risk (Latukka et.al 1994). At the same time, significant structural and operational changes were observed in the farmers owned producer co-operatives.

As a point of information, it is to be borne in mind that generally the operational pattern of co-operatives in Finland has been based on a bottom-up approach. In other words, right from the inception of the co-operative movement in the beginning of the 1900s, co-operatives were established by the people to serve them at the local and national levels. Over the years co-operatives have undergone several changes, especially the producer co-operatives, which have now reached their “**golden age**” (Tenaw 1995).

Initially the idea for the study on “Impacts of the Common Agricultural Policy on the development needs of Co-operatives and Advisory Services” originated from the impacts of the changes in agricultural policy mainly on co-operative and advisory organizations. The study carried out among farmers in the municipality of Loppi at the local and regional levels focused firstly, in view of the agricultural policy changes underway, what new ideas could be produced in the context of the co-operative organizations in order for the farmers to explore new ways of diversifying their activities? Secondly, to what extent and how could the CAP influence the role of co-operatives in promoting the development of the rural and agricultural sectors? (Tenaw 2002).

The municipality of Loppi is located in the Province of Southern Finland, in the Region of Kanta-Häme, and it covers an area of about 653.3 sq km. During the research study period, the population was estimated at 7,592, 499 farms, and the number of active farms was 317. The farms offered employment to 17.5% of the people living in Loppi. The most common production lines are milk and plant production, potato production, pig and poultry husbandry, livestock farming and forestry (Maatilatilasollinen vuosikirja 1999).

The grass-root approach where the target groups, i.e. the farmers at local and regional levels, are involved was chosen, trusting that this will improve the quality and use of the research results.

The first phase of the study was carried out in the villages of Topeno and Ourajoki, which are located in the North-Western part of the municipality of Loppi, in 1997 - 1998. This involved 35 farmers.

The positive attitudes of the farmers and the local leadership towards the good results achieved already in the first phase led to the second phase of the study, which was conducted in 1998 – 2001. As many as 281 farmers living in different parts of the municipality of Loppi were now involved in the study.

In order to arrive at concrete recommendations which can be used by farmers and policy-makers in developing agricultural and rural issues as well as officials responsible for planning and promoting development at local and regional levels, the following topics were identified as relevant key areas for the research:

- 1) *The EU's Common Agricultural Policy (CAP) and its consequences*
- 2) *Acquisition of information by the farmers on the EU's agricultural advisory services and the sources of information*
- 3) *Role of the new co-operatives*
- 4) *The farmers' modes of entrepreneurship*

2.2 Objectives of the study

The aims of the study arose from the specific local situation, and thus the study was shaped to serve the needs of the local farming population by raising issues that need to be improved or reformulated.

In order to investigate what the needs of the local farmers were, information was collected from the target groups/ farmers in the selected research areas by sending questionnaires to them, consisting of sets of questions relevant to the four key issues of the study. As the EU's Common Agricultural Policy (CAP) was at that time a new phenomenon, the aim was also to highlight the changes brought about by the CAP in agricultural structures and its impact on the farming population in the municipality of Loppi.

In the study, the farmers' knowledge about the CAP, their attitudes towards it and the other key issues are analyzed by taking into account the farm size of farm and forest land area as well as data on the families. In certain cases a total percentage calculation is also made including all the respondents.

As regards the CAP and its consequences, the idea was to investigate the farmers' opinions from the following points of view:

- how the farmers experience their situation;
- what other alternatives are available on their farms;
- what services do the new co-operatives offer to the farmers;
- how could the agricultural advisory services be intensified.

In terms of the new co-operatives, the idea was to investigate the views of the farmers as to how learning through a specific training course about the new co-operatives would be beneficial for them.

The purpose of the study was also to disseminate information on matters concerning the possibilities for earning one's living from farming in the future as well as the opportunities the farmers might have to influence agricultural entrepreneurship on their farms. At the same time, the relevant local officials and authorities will be kept informed on the situation of farmers.

In order to support the goals of the research study, seminars, informal meetings and joint excursions were also organized to exchange views between the farmers, officials concerned with rural and agricultural development issues and the researcher.

2.3 Research method

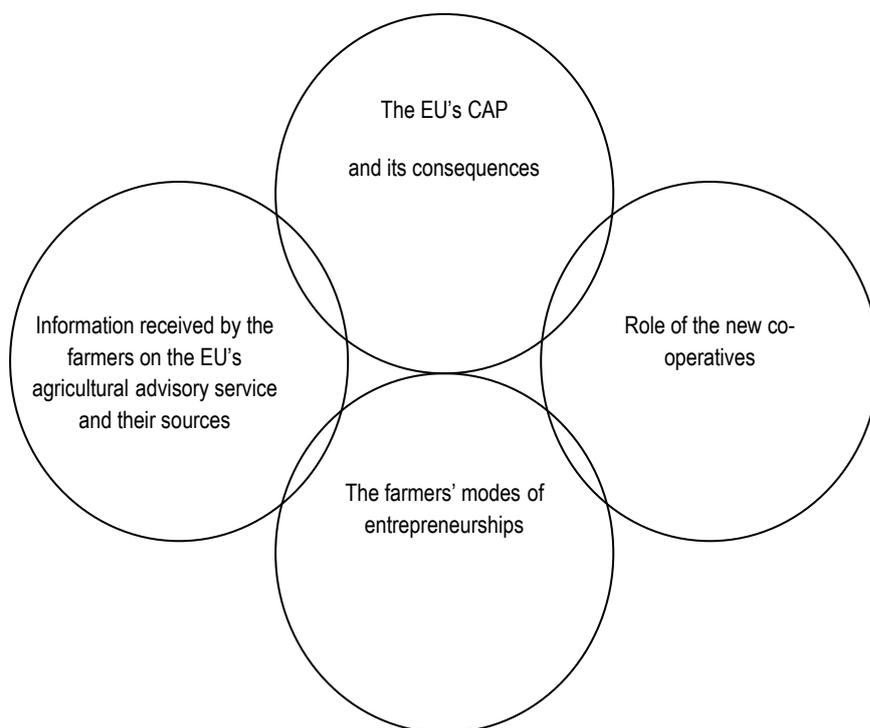
The field research began by selecting the sample areas and the farmers to be surveyed in cooperation with the local agricultural advisor. Altogether 281 active farmers under the age of 60 living in 18 different

villages in the municipality of Loppi were involved in the research study. Questionnaires consisting of a set of questions relevant to the research theme were sent out to the farmers and in all 108 responses, which is 38% of all the questionnaires sent, were returned.

In addition to this, a formal interview was made with a farmer couple, who voluntarily worked as activators throughout the implementation of the research.

The aim was to study the factors affecting the livelihood of agricultural entrepreneurs in the municipality of Loppi on the basis of the information given in the questionnaires.

Figure 1. Key issues of the study.



3. RESULTS

The issues covered in the questionnaires were divided into 4 main parts. However, in this part only results dealing with the role of the new co-operatives are presented from the following perspectives:

- evaluation of the respondents' knowledge about the new co-operatives in general;
- usefulness of the new-cooperatives for the respondents.

3.1 Role of the new co-operatives

In Finland practically all farmers belong to some kind of co-operative organization. During the past decades, the farmers' attitude towards co-operatives has become more positive and their knowledge about co-operatives has increased to some extent (Tauriala 1998).

In the mid-1990s, there was a strong increase in the number of new co-operatives alongside the traditional Finnish co-operatives. By 2000, more than 1,000 new co-operatives operating in various sectors were established. Especially in rural areas, co-operatives in the fields of supply, marketing, tourism and energy were established which has enabled the rural residents and farmers to diversify their means of livelihood (Rantanen 1998).

This part of the study dealing with the new co-operatives focuses basically on the investigation of the farmers' general knowledge, experiences and views concerning the differences between the new and the traditional co-operatives as well as their usefulness in practice. The views of the respondents were tested by means of a set of five explicit questions.

The new co-operatives are new modes of entrepreneurship in rural as well as urban areas. The correct answer to this question was 'yes'. 58% of the respondents answered right, 6% wrong, while 36% did not know what to answer.

The new co-operatives help to construct new production lines in rural areas: Indeed, the answer to this was 'yes'. 60% of the respondents were right and 40% did not answer due to lack of knowledge.

The new co-operatives will change the mode of operations of co-operative dairies, co-operative slaughterhouses and other service co-operatives: Actually the correct answer was 'no'. Only 23% of the respondents answered right, 22% were wrong; while as many as 55% had no answer.

The new co-operatives are significant in view of the changing CAP: The answer was 'no', which 25% of the respondents got right. 21% gave the wrong answer, while 54% did not answer.

In Europe, the new co-operatives have an essential role in offering employment opportunities to the unemployed people in rural and urban areas: The correct answer was 'yes' and to this 25% answered right, 14% wrongly and 61% of the respondents had no opinion on this.

3.1.1 The respondents 'views on the differences between the traditional Finnish co-operatives and the new co-operatives

Table 1. The respondents' views on the differences between the new co-operatives and the Finnish traditional co-operatives.

- the new co-operatives are peanuts compared with the traditional co-operatives;
- too small to be called co-operatives;
- pretty soon the new co-operatives will be bankrupt;
- no differences between the new and traditional types of co-operatives;
- there is no real co-operative ideology in the new co-operatives;
- in principle, the new co-operatives should be formed on a smaller scale so that decision-making could be done more by the members, which would enable them to have more influence in their affairs;
- the traditional co-operatives have developed into uncontrollable dimensions so that the possibilities the members might have to influence are minimized;
- the traditional co-operatives can promote the workers' interests better than the new co-operatives;
- there are more economic benefits in the new co-operatives than in the traditional ones;
- the new co-operatives help to pursue one's own interests only;
- the new co-operatives function on a smaller scale and are a major advantage for the farmers;
- in principle, the new co-operatives are similar to the traditional co-operatives, which are meant to serve farmers as well as the unemployed;
- the traditional co-operatives are quite difficult and unnecessarily large;
- with the help of the new co-operatives it is possible to form manageable co-operative enterprises more easily than in the case of traditional co-operatives;
- the operational pattern of the new co-operatives is the same as the original goals of the co-operative movement;
- insufficient information available on the new co-operatives;
- in the rural areas, farmers can cope better with the traditional co-operatives; instead, there can be more use for the new co-operatives in the urban areas.

3.1.2 Utilization of the new co-operatives by the respondents

The respondents' knowledge and experiences concerning the new and traditional co-operatives were summarized in table 1. The farmers were also asked to express their views as to what extent and how the new co-operatives are utilized by them in their everyday work. 86% of the respondents were of the opinion that the new co-operatives did not contribute to their work in any way, 14% stated that the new co-operatives were useful for them. The reasons were:

- New ideas are generated through the new co-operatives to explore other means of livelihood in case of uncertain situations in the future;
- The new co-operatives promote joint supplies and sales as well as support the marketing of agricultural products;
- The new co-operatives promote cooperation and enhance one's knowledge, give the opportunity to establish co-operatives, e.g. agricultural machine co-operatives for joint use by the farmers and, best of all, there is a feeling of joy.

4. TRAINING COURSE ON THE NEW CO-OPERATIVES

The first phase of the study carried out in Ourajoki and Topeno villages revealed that a great number of farmers did not have sufficient knowledge about the concept of new co-operatives. Since the new co-operatives were one of the themes in the study, it was essential to organize a course where the farmers who were involved in the study and other people interested in the matter could learn about the role of new co-operatives. Information on the course was spread out via the local farmers' associations and other authorities in the municipality of Loppi.

The course was prepared as a joint programme by the Adult Education Centre of Loppi and the Institute for Co-operative Studies of the University of Helsinki. The primary purpose of the course was to provide the participants with basic knowledge about the concept and role of new co-operatives in diversifying the economic activities in rural areas. It was realized as an evening course of altogether 12 hours at the Adult Education Centre of Loppi. The teachers were the researcher and two specialists in co-operatives from the Institute for Co-operative Studies.

The course covered the theoretical issues related to planning and establishing new co-operatives as well as presentation of practical examples, constructed around the following topics:

- the extensive possibilities of new co-operatives
 - practical examples in Finland and abroad
- new co-operatives as new modes of entrepreneurship
 - presentation of case examples and practical learning

The course was taken by eleven persons representing four regions in the sample areas. Since the majority of the participants were agricultural entrepreneurs, apparently the operations of the traditional co-operatives were familiar to them. Indeed, it was noted that the participants were highly conscientious and well-motivated to learn more and acquire practical knowledge as well as advice about the new co-operatives.

4.1 Initiatives for setting up new co-operatives for self-help and local development

The primary aim of the course on new co-operatives was to provide the participants with certain amount of knowledge about new co-operatives so that the participants would then be able to design a plan for establishing new types of co-operatives which can be used for different purposes in their home districts.

At the end of the course, the participants initiated several ideas and made plans both in groups and on their own to establish new co-operatives in different fields in order to provide employment opportunities for themselves and other local people.

The new co-operatives planned by the course participants are presented in appendix 1.

5. OTHER ACTIVITIES DURING THE STUDY

During the study several meetings, seminars and training programme were held to support rural entrepreneurship, to get to know the new co-operatives as well as for learning and exchanging views in general. These activities were carried in co-operation with representatives of the Adult Education Centre of Loppi, the Regional Rural Advisory Centre, the Farmers' Land and Household Association of Ourajoki village as well as associations of small-scale farmers in the municipality of Loppi.

As part of the study, some useful seminars on relevant themes were organized in order to bring together the local people and officials and authorities concerned with local development affairs. The seminars were attended by a good number of active participants.

Different seminars were organized on different topics as for example the following one:

5.1 New co-operatives and the future of rural areas

The seminar on new co-operatives and the future of rural areas dealt with new kinds of opportunities available in the rural areas. The activities in Häme region were presented with examples of the supply co-operatives, a group of consumers of organic products, organic production and marketing of products nationwide.

The supply co-operative, which operates in five nearby areas, was set up five years ago and has about seventy members. It provides services to the members by arranging joint purchases of fuel, fertilizers and pesticides, which obviously are profitable for the members. The main problem of the supply co-operative was lack of active and committed members.

The group of organic product consumers orders organic food products every three weeks directly from the farm. The products are delivered through a shop specializing in organic products. The members have been brought together by the purity and ecological values of the organic products. Sometimes they arrange excursions to organic farms so as to learn about the production conditions and get personally acquainted with the farmers.

The possibility of marketing organic products in all parts of Finland is somewhat problematic, but the marketing co-operatives could be of some help. The farmers' share in the price of food has decreased. Production costs could be lowered by reducing the number of intermediaries between the producers and consumers, co-operation and joint use of machinery.

6. CONCLUSIONS

The point of departure for undertaking this study on the impact of the Common Agricultural Policy (CAP) on the development needs of co-operatives and advisory services among farmers in the municipality of Loppi was the awareness that, at the time when the CAP had just come into effect, in Finland the role of the new policy was given distinct priority in various contexts. There was no longer a national agricultural policy, and the rules and objectives of the CAP had to be complied with. This new agricultural policy had new key areas, with the shift in the focus of rural and agricultural development efforts which may be expected to have either positive or negative impacts on the farmers.

The implementation of a grass-root type of study was necessary in order to acquire thorough knowledge about the general situation of agricultural entrepreneurship and the farmers themselves in the municipality of Loppi.

It is an acknowledged fact that co-operatives and advisory organizations have made an important contribution to the development of agriculture and rural areas in Finland (Westermarck, H. 1977). However, in recent years, new co-operatives have emerged as new modes of entrepreneurship and there have been significant changes in agricultural advisory systems. Hence, the reason for including the two '*development tools*', co-operative and agricultural advisory service in the study was primarily to investigate what possibilities the new co-operatives along with agricultural advisory services might have to assist the farmers to carry on with agricultural entrepreneurship and to diversify their sources of livelihood.

A further objective of the study was to acquire information as to the extent other modes of entrepreneurships were practiced by the farmers besides agriculture as well as the share of secondary occupations of the total return of the active farms in the sample areas.

In this part a summary of the main findings on the new co-operatives is presented.

6.1 Need for training and advice on the new co-operatives

In principle, it is presumed that agricultural entrepreneurs have some knowledge about the role of co-operatives due to their involvement in their everyday life. Recently, however, the new kinds of co-operatives have been in the forefront. As a first step, the study focused on investigating the farmers' knowledge about the new co-operatives, in what respect they differ from the traditional co-operatives and to what extent they are utilized by the farmers in the sample areas.

On the basis of the research results, the new co-operatives were unknown to a large number of especially the small-scale farmers in the sample areas, while the large-scale farmers had fairly good knowledge about the new co-operatives. At the same time, the farmers' understanding of the differences between the new and the traditional co-operatives differed tremendously. Due to lack of adequate knowledge, some of the respondents had compared the new co-operatives with the secondary types of co-operatives and they claimed that the co-operative ideology was missing in both cases.

From the point of view of the respondents, quite many of them have experienced the traditional co-operatives as hard and unnecessarily large, covering a wide range of activities. In spite of this, however, some of the respondents were strongly of the opinion that the traditional types of co-operatives are enough for the rural areas. They were convinced that the new co-operatives could be used in urban areas, in towns and big cities.

On the other hand, the vast majority of the respondents expressed their positive attitude towards the role of the new co-operatives and issues related to local level decision-making process as well as channeling services of the new co-operatives based on the local demand. As for the utilization of the new co-operatives, the majority of the respondents were of the opinion that the new co-operatives were of no use. It can be concluded that quite many of the respondents lacked knowledge about the new co-operatives as essential means of diversifying the farmers' sources of livelihood at the local level.

The few respondents who replied that they made use of the new co-operatives had the opportunity to receive knowledge about the new co-operatives at advisory meetings, where they were told that the new co-operatives were one possible way of exploring other sources of livelihood. Actually they were strongly of the opinion that via the new co-operatives it is possible to promote the joint acquisition of agricultural implements, product marketing and sales. Above all, it was clear to the respondents that the new co-operatives will help to increase cooperation, acquire knowledge and make it possible to establish new contacts with other people.

The agricultural sector is not the only means of livelihood in the sample areas, especially for the small-scale farmers, and thus the new co-operatives can be one possible way of creating new employment opportunities in the future. This idea can be best implemented by the provision of the necessary training and advice to the farmers at the local and regional levels.

The course on new co-operatives which was held at the Adult Education Centre in Loppi was certainly beneficial for the active participants who were involved in the study. The participants had the opportunity to bring up the problems in their communities. With the help of the knowledge gained from the course, they started planning various kinds of new co-operatives for the local use on their own initiative. This operation was highly successful. Whenever ideas for the establishment of new co-operatives are initiated from the real local needs, there is no doubt that it lays on a sustainable basis.

Solutions must be found to problems faced by the farmers, and the farmers' negative attitudes towards the new co-operatives can be overcome by training, advice and encouragement. On the other hand, the farmers openly expressed their wishes to acquire personal advice and emphasized that they will be ready to do so when the basic structures of agriculture are in good order. This requires active follow-up of the farmers' situations with the help of the advisors and instructors. This would make it possible to understand the human factors and observe the farmers' living conditions as a whole (Westermarck, N. 2000).

On the basis of the long-term study and the various activities carried out in the municipality of Loppi, it should be possible to plan development strategies for various sources of livelihood, which would serve the farmers as well as the municipality of Loppi. The experience and knowledge gained via the study and other activities in the sample areas could also be applied in other parts of Finland and elsewhere especially in the developing countries.

Finally, the study showed clearly that development at the local level and interaction among the target groups, decision-makers and researchers is of primary importance in gathering information so as to pinpoint the potential human or natural resources which could bolster the sustainable development of agriculture and the rural areas.

7. CASE ETHIOPIA

7.1 The role of informal co-operatives in socio-economic development at the local level in north-west Ethiopia

7.1.1 Background

In Ethiopia, where there is a multitude of ethnic groups, the lack of sustainable institutional development and durable peace have been among the key factors causing increasing poverty and its further aggravation in the country. Considerable structural changes have occurred in the entire society due to the changing political environment since the 1970s. Apparently, this has had a major impact on local people, as it hampers their livelihood. In spite of the prevailing problems, the people have to find a way to survive. Hence, especially among the poorest segments of the population, cooperation has become a high priority.

Tesfai, 1992 stresses that in Ethiopia the situations and problems cooperatives are facing are very similar. Of course in specific situations they may be different, but the basic problems faced by co-operatives are very similar to a very large extent. Cooperation is not new to the Ethiopian environment, because co-operatives which usually are called formal and informal ones basically they have the same task and objectives and are very dominant ones.

The aim of this presentation is to examine how locally-based, informal co-operatives contribute to community building and cohesiveness, and sustain some economic activity, which in turns contributes to a more stable, healthy, and thus peaceful, society for people living under the yoke of poverty. The structure and function of informal co-operatives, existing generally in Ethiopia, is presented in this paper, in order to discuss their potential for contributing to improvements in the socio-economic life, and maintenance of traditions and faith that enable people to lead peaceful lives, and possibly to build sustainable development in their locality. Additionally, a couple of case examples on the versatile role of informal co-operative societies initiated by the inhabitants of Azezzo town, located in north west Ethiopia, are presented in this paper to scrutinize their operations and goals for their members and for community development.

7.2 A Glance at Azezzo Town

Azezzo is a small town located on the outskirts of Gondar, a provincial town in North West Ethiopia. It is surrounded by chains of mountains, and lies at an altitude of 4,600 feet (1,400 m) above sea level. The average temperature ranges from 50 to 80 degrees Fahrenheit (10 to 26 c). The Demaza River, which flows through the heart of Azezzo, demarcates the military camp from the town.

Azezzo comprises three small boroughs, commonly called “Kebeles.” The total population, which is estimated at 35,000, is a mixture of military and civilian people of different tribal origins. The male-female breakdown is 45% to 55%, respectively, indicating that large portions of the households are headed by females. More than 45% of the population is under 15 years of age, and this contributes to a greater demand for schools and learning facilities. There are three Orthodox churches, known as Loza-Mariam, Tekele-Haimanot, and St. Michael, and one mosque.

Apart from very few government employees and small factory workers, most of the residents survive on meager incomes through brewing local drinks, trading, gardening, raising cattle, and selling firewood and some handcrafted products. Many families are also dependent on the remittances from family members who live and work in larger towns or abroad.

In addition to the increasing poverty and political unrest (due to its location as a military base), the prevailing problem in Azezzo is the poor ecological conditions, including deforestation, overgrazing, and erosion, all of which have drastically reduced the water volume of the Demaza River, the single most important lifeline of the town (Tenaw 2007a).

7.2.1 Informal Co-operatives as Grassroots NGOs in Azezzo Town

Generally, in Ethiopia, traditional informal co-operatives are formed at the local level for various purposes in rural and urban areas and, typically, for religious and socio-economic reasons.

When it comes to religious ceremonies, such as weddings and funerals, people living in the same community form a society known as “Mehaber.” They arrange wedding and funeral ceremonies collectively. Usually, in the case of a wedding, members of the informal co-operative in the community take part by contributing labour, food items, and a certain amount of money. Religious elders hold ceremonial meetings on these occasions and share food, drinks, and blessings together. When any member of the community passes away, people in the community arrange the funeral ceremony co-operatively, and in that way express their condolences.

When money saving is needed, a group of people form an informal co-operative society known as “Ekub.” They gather once a month in a member’s home, who hosts the members by providing them with traditional refreshments. At that time, each member pays a certain amount of money, as agreed by them, and gives this to the host. The sum so raised is then rotated among the members. This form of co-operation continues throughout the year, maintaining the same principle.

When it comes to farming and crop harvesting, rural people use a system known as “Wobbera,” “Debo,” or “Wonfel.” This way, farmers living in the community work together helping neighbouring farm families, turn by turn, during the weeding and harvesting periods, and in cutting wood. All helpers who participate bring along with them the necessary equipment to do the work.

Such traditions have existed for a long time, and continue to the present day, primarily because they have been successful in achieving their objectives.

Informal co-operative activities, as described above, are abundant in Azezzo town and follow the same pattern found throughout Ethiopia. They are actualized as ways to find local solutions to the problems prevalent in the area, such as increasing poverty caused by scarce access to jobs, either on a permanent or temporary basis; the lack of a durable peace, which is mainly caused by continuous war and political instability and mobilization demands of the military force based in the town; tribal conflict, which contributes to forming different opinions about state politics and biased attitudes towards each other since the inhabitants originally come from various tribes; and, environmental degradation, which has severe impact on the life of the inhabitants.

The Association for Mutual and Emergency Help of Higher 4 Area is another typical type of informal co-operative formed in the town of Azezzo. It is known locally as “Idir.” The basic idea of the Association is very much in line with the principle *“concern for community”* and the motto *“how to encourage self-help”*.

The Association, which was founded in 1994, is based in the Higher 4 Area, where there are an estimated 600 inhabitants. It operates in several sub-regions comprising 200 members, and is run with an annual budget of Eth. Birr 3000. The monthly payment by members is Eth. Birr 2. The Association has its own by-laws and is administered by a 9-person, elected board. Meetings are called as deemed necessary at 2 to 3 month intervals. Retired soldiers from the town’s military force, as well as civilians, are among the key

persons who have played significant roles in founding the Association, whose members typically have extremely low-incomes.

The Association contributes services in various sectors to members, and to non-members, in the Higher 4 Area. For example, as regards humanitarian support, the Association covers hospital treatment costs of any member in case of sickness, it provides financial support and labour as deemed necessary to any member whenever he/she initiates any kind of development work which involves the community. The Association occasionally arranges meetings with invited officials and experts to discuss community development and environmental degradation, thereby allowing members to exchange views with decision makers. As part of community development, the Association has undertaken the task of renovating the elementary and secondary schools operating in the area.

Members of the sub-regions of the Association conduct wedding feasts and baptizing ceremonies collectively by preparing meals and drinks together with the host family in order to minimize the cost. The Association recognizes that people in the community cannot afford to manage all alone. In particular, when it comes to funeral ceremonies, the whole function is undertaken by members of the association; for example, they assist with arrangements for a coffin, the erecting of a tent where the host receives guests, meal preparation, and the sharing that can last for many days and evenings.

Religious activity is one arena which has a significant role in the everyday life of the people in Azezzo town. This is mainly due to the vast Orthodox Christian population, for whom their faith is a symbol of peace. Thus, it is a tradition that in different sub-regions of Higher 4 Area, there are a number of informal types of religious co-operative associations. The most commonly known of them is what is locally known as “Senbete” (Sunday); usually formed by up to 25 members belonging to the Orthodox Christian faith in different sub-regions. The basic purpose of the association is to get together in a host member’s home on the last Sunday of each month to socialize religiously, to help each other in arranging monthly/annual religious ceremonies, and to make charity contributions in case of death and funerals (Tenaw 2007b).

8. CONCLUDING REMARKS

The mode and operational environment of informal co-operatives at the local level generally in Ethiopia and more specifically has been examined with the case study area of Azezzo town in north-west Ethiopia which shows their importance for people living in harsh situations. Such organizations should be given a high priority in times of disaster and combating poverty. The various forms of locally-based, informal co-operative associations in the case study area show that whatever political changes take place at the state level, informal co-operatives have value for the local people and for community development.

The problem common to most of the inhabitants of the case study area, is the prevailing situation of poverty which gradually leads to hunger. Woube (1987) states that the nature of the socio-economic and political systems of a country serves as the most realistic explanation of poverty. Alternatively, people are poor because they are exploited over a long period of time. Thus, in order to alleviate poverty, the fight in poor communities should focus on socio-economic development via strong co-operation. Through the work of the informal co-operative associations in Azezzo town, people of different tribal origins have been integrated into the community because the main interest of the people is to manage life within the possibilities available to them.

A comparative case study on the operation of the new co-operatives in South Finland and the informal co-operative societies in north-west Ethiopia reveals their similarity in many respects. The similarities between the foregoing examples are more with regard to the organizational structure. These co-operatives are locally based ones.

In the case of Finland, the new co-operatives are used for diversification of means of livelihood through learning as opposed to the eradication of poverty in the north-west Ethiopia case. They also support socio-economic development, maintenance of religious and cultural heritage and peace building at the local level. As a matter of fact these types of co-operative societies deserve direct development aid.

In order to enhance co-operative development first and foremost policy changes are required to enable co-operatives to grow and to be more effective. This includes the removal of government interference in co-operative management. Therefore co-operatives should be rooted in communities and respond to their members and the interests of those communities. This would enable them to respond to the current socio-economic and poverty problems faced by the vast majority of the people. This holds true in many parts of sub-Saharan African countries where there are a great number of community based informal types of co-operative societies, which offer several services.

Taking into account the above-mentioned facts, it can be claimed that co-operative values and principles have an immense role to play. The challenge becomes shifting the operation of informal co-operatives to formal co-operatives in accordance with the co-operative principles and values, a shift that requires the approval and support of the respective governments and elsewhere in developing countries. In this regard, knowledge about the 7th principle of co-operative identity, "*concern for community*," (MacPherson 1996) should be disseminated to members of the informal co-operatives by means of organizing study courses as in the case of the Loppi municipality.

In this connection it is worth mentioning the upcoming co-operative event of UN's International Year of Co-operatives -2012 (IYC) -since it has a great significance for countries where the immense contribution of co-operatives for development is highly expected. In fact the main focus of the event lies upon three key issues: i) the impacts co-operatives have on poverty reduction ii) employment generation iii) strengthening communities. The event is a grand opportunity to tune the voices of community rooted cooperators

particularly in sub-Saharan Africa and to claim the need for establishing representation of co-operatives at widely recognized organizations in Africa. This way the goal set up for the IYC will be successfully attained.

African co-operative research institutions and researchers are expected to play a role in promoting these development goals by means of establishing partnerships with co-operative institutions and researchers in countries where co-operative education and organizations are highly developed to examine the experience of successful co-operatives and consider how these approaches could be adopted in sub-Saharan African countries.

With the increased independence and efficiency of operation, the co-operatives in sub-Saharan Africa have the ultimate potential of meeting these vital needs and goals of development.

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APPENDIX 1

Plans prepared by the course participants to form new co-operatives in different fields

Title: Service co-operative, Lopen virkeät (Active Loppi)

Location: Ourajoki, village in the municipality of Loppi

The co-operative's field of activity:

To create job opportunities and take advantage of the members' professional skills, knowledge and experience. At the same time, the internal services of the municipality of Loppi will be increased and diversified, thus maintaining the high standard of living conditions and active countryside where people are able to lead a comfortable life.

The co-operative's business idea:

Four different sectors which should cover the demand in the whole municipality of Loppi are:

Arts and crafts

- tiffany type of handicraft work
- embroidery work
- traditional handicraft
- carpentry work and restoration

Health care and therapy

- support service for the blind
- lectures on activating self-caring and increasing knowledge about one's own diseases
- neuro-linguistic therapy

Arranging feasts

- thematic programs arrangement in the evenings
- music and programme services

Extra services

- supporting computer service
- writing articles
- photography
- translation services (Finnish, Swedish, English, Russian and French)
- arranging cultural trips, tour guides in Finland and abroad

Administration of the service co-operative:

- seven basic members
- membership fee, 3,000 FIM/member

- an agreement on the co-operative and establishing the by-laws
- election of the executive board, 6 persons, 2 auditors and the vice-members
- the executive board elects 1 managing director and vice-managing director
- assigning the right to undersigning on behalf of the co-operative

Title: Agricultural machine co-operative, Aitokone (Aito machine)

Location: Ourajoki, village in the municipality of Loppi

The co-operatives field of activity:

To establish an agricultural machine co-operative which includes grain drying, threshing and drilling machines. The co-operative guarantees the services for its members at fair prices and encourages them in their work without risking the operations in any way. The co-operative promotes the members' employment and development of secondary occupations.

The co-operative's business idea:

At the beginning, the co-operative seeks for financial assistance from the EU's LEADER programme. Prices may be higher when the members sell large amounts of grains jointly, which leads to profitable joint action in marketing. Price competition and joint purchasing guarantee fair supply prices to the members. The rental prices for machines can be kept at a reasonable level and the machines stay in good condition without unreasonable amounts of capital. Later on the operations of the co-operative will be expanded.

Administration of the agricultural machine co-operative:

- five persons will be elected who will be in charge of preparing the by-laws
- electing members of the executive board
- decision on the field where the co-operative works

Title: Energy co-operative, Hakelämpökeskus (Wood chips heating plant)

Location: Pilpala, village in the municipality of Loppi

The co-operative's field of activity:

Members of the co-operative will operate in cooperation with the officials in the municipality of Loppi. The proposed energy co-operative will offer energy sources and maintenance services to the municipality of Loppi.

The co-operative's business idea:

The municipality of Loppi will construct and own the energy co-operative as well as the energy distribution network. The co-operative will be in charge of procuring wood chips and takes care of the energy production as well as costs of the energy produced. The municipality of Loppi will take care of the high and low power by means of oil.

The prerequisite is that each member of the energy co-operative participates in planning the energy plant. The price of energy offered by the co-operative is FIM X/MWh (VAT 0%) delivered to the district heating network. The co-operative procures the wood chips in cooperation with the municipality of Loppi and takes care of the maintenance of the energy plant.

Administration of the co-operative:

- Five persons will be elected as members of the co-operative who will be in charge of investigating the possibility of establishing the planned energy co-operative and its management.