

The Role and Challenges of the New Co-operatives and Informal Cooperatives in Socio - Economic Development Policy

A comparative case study in South Finland and North West Ethiopia

By

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Abstract

The International Co-operative Alliance (ICA), the apex organization that represents cooperatives worldwide adopted in 1995 a statement on cooperative identity with the inclusion of a revised set of principals which were six in number. The newly produced 7th principle, Concern for Community emphasizes that co-operative work for the sustainable development of their communities through policies approved by their members. The statement is in line with the Plan of Implementation of the UN's World Summit on Sustainable Development (WSSD) 2002.

As far as co-operative development is concerned policy changes are required to enable co-operatives to grow and to be more effective. For example, in Finland, where co-operative development has attained its peak, 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 the country'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.

Indeed, traditionally formations of informal co-operatives were in existences for over 3000 years particularly in many developing sub-Saharan African countries. For example, in many parts of Ethiopia, the traditional informal co-operatives have been formed at the local level for various purposes in rural and urban areas and, typically for socio-economic development reasons. Such locally initiated traditional co-operatives lasted long and happen to exist to this day, merely because they are successful in getting many of their objectives fulfilled.

A comparative case study on the operation and values of the now co-operatives in South Finland and the informal co-operative 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. The aim of this paper is to discuss co-operative values and the immense role played by co-operative principle, concern for community and the challenges of shifting the operation of informal co-operatives to formal co-operatives for better socio-economic development. Additionally, the discussion includes the impact of support given by respective governments on the shifting process.

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