



# **COOPERATIVE SECTOR OUTLOOK & IMPLICATIONS FOR COOPBANK 2025**

This document provides an overview of cooperative sector, focusing on current trends, challenges, and opportunities, with a specific lens on how Coopbank can strategically enhance its engagement in the sector.



## Overview of the Cooperative Sector

Cooperatives are member-owned, member-governed businesses that operate for the mutual benefit of their members. They exist across various sectors, including agriculture, finance, consumer goods, housing, and healthcare. Globally, cooperatives contribute significantly to economic development, poverty alleviation, and social inclusion.

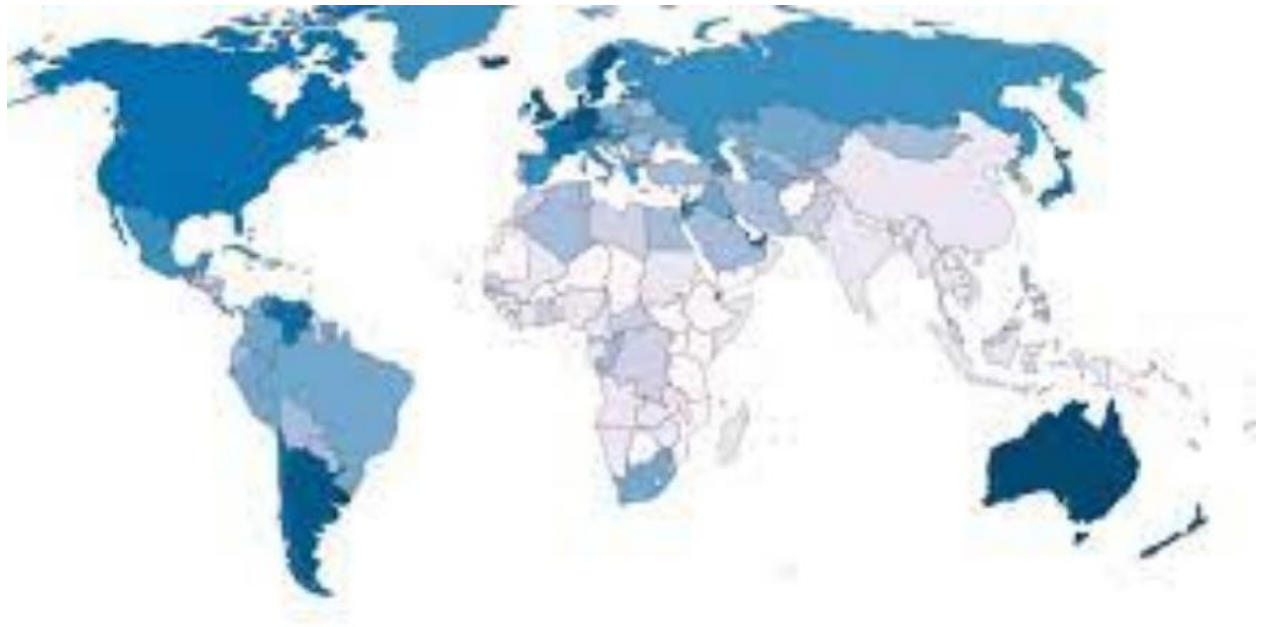
### Global Context

- **Scale of Cooperatives:** According to the International Cooperative Alliance (ICA), there are over 3 million cooperatives worldwide, serving more than 1 billion members and employing 280 million people (ICA<sup>1</sup>, 2023).
- **Economic Impact:** Cooperatives contribute to 10% of global employment and generate approximately \$2.98 trillion in annual revenue (World Cooperative Monitor<sup>2</sup>, 2023).
- **Sectors:** The largest cooperative sectors include agriculture (30%), finance (27%), and consumer goods (19%).

---

<sup>1</sup> <https://ica.coop>

<sup>2</sup> <https://monitor.coop>



### Ethiopian Context

- **Scale of Cooperatives:** Ethiopia has over 120,000 registered cooperatives, with more than 18 million members (Ethiopian Cooperative Commission, 2023).
- **Economic Impact:** Cooperatives contribute approximately 45% of Ethiopia's agricultural GDP and play a critical role in rural development.
- **Sectors:** 31% of cooperatives in the country are agricultural cooperatives, 25% SACCO, 5% Consumer cooperatives, 21.3 %Housing, and Other types of cooperatives comprise 17.7%.



# Market Trends Affecting Cooperatives

## Global Market Trends

1. **Digital Transformation and Technology Adoption:** Cooperatives are increasingly adopting digital tools such as blockchain, AI, and IoT to improve efficiency, transparency, and member engagement.

### Impact:

- Blockchain is being used in agricultural cooperatives for supply chain transparency.
- AI-powered analytics help cooperatives optimize operations and predict market trends.
- Mobile apps and online platforms enhance member communication and financial inclusion.

2. **Sustainability and Green Economy:** There is a growing demand for sustainable and eco-friendly products, driven by consumer awareness and regulatory pressures.

### Impact:

- Cooperatives are adopting sustainable practices, such as organic farming and renewable energy.
- Many cooperatives are aligning with the UN Sustainable Development Goals (SDGs) to attract socially conscious consumers.

3. **Globalization and Cross-Border Collaboration:** Cooperatives are forming international partnerships to access new markets, share resources, and address global challenges like food security.

### Impact:

- Cross-border collaborations enable cooperatives to scale operations and compete with multinational corporations.
- Joint ventures and alliances help cooperatives access advanced technologies and expertise.

**4. Rising Demand for Local and Ethical Products:** Consumers are increasingly prioritizing locally sourced, ethically produced goods.

**Impact:**

- Cooperatives are leveraging their community-based models to market products as ethical and sustainable.
- This trend is particularly strong in food and agriculture, where cooperatives emphasize fair trade and organic practices.

**5. Youth and Women Empowerment:** Cooperatives are focusing on attracting younger members and promoting gender inclusivity.

**Impact:**

- Youth-focused initiatives, such as digital platforms and innovative business models, are helping cooperatives stay relevant.
- Women-led cooperatives are gaining traction, particularly in developing countries.



## Ethiopian Market Trends

**I. Government Support and Policy Reforms:** The Ethiopian government is actively promoting cooperatives as part of its **Homegrown Economic Reform Plan**.

**Impact:**

- Increased funding and technical support for cooperatives, particularly in agriculture.
- Policy reforms are improving the regulatory environment for cooperatives.

**II. Agricultural Modernization:** Cooperatives are adopting modern farming techniques, such as irrigation, mechanization, and improved seed varieties.

**Impact:**

- Increased productivity and income for smallholder farmers.
- Enhanced competitiveness in domestic and export markets.

**III. Digital Financial Services:** The adoption of mobile banking and digital payment systems is growing rapidly in Ethiopia.

**Impact:**

- Savings and credit cooperatives (SACCOs) are expanding their reach and improving financial inclusion.
- Digital platforms are enabling cooperatives to manage finances more efficiently.

**IV. Export Market Opportunities:** Ethiopia's agricultural cooperatives are increasingly tapping into global markets for products like coffee, sesame, and horticulture.

**Impact:**

- Increased foreign exchange earnings and income for farmers.
- Exposure to international quality standards and best practices.

**V. Climate Resilience and Sustainability:** Cooperatives are adopting climate-smart practices to mitigate the effects of climate change.

**Impact:**



- Investments in irrigation, drought-resistant crops, and renewable energy are improving resilience.
- Access to international funding for climate adaptation projects is increasing.

**VI. Women's Participation in Cooperatives:** There is a growing emphasis on gender inclusivity in Ethiopian cooperatives i.e. Women's Coffee Cooperatives in Sidama and Yirgacheffe, Women's Savings and Credit Cooperatives (SACCOs) in Addis Ababa, Women's Dairy Cooperatives in Bishoftu, Oromia, Women's Handicraft Cooperatives in Addis Ababa.

**Impact:**

- Women are taking on leadership roles and benefiting from cooperative activities.
- Increased household income and improved social status for women.





# Growth Trends of Cooperatives

## Global Context

Globally, the cooperative sector has shown steady growth over the past decade, driven by increasing recognition of their role in sustainable development, poverty alleviation, and economic inclusion.

### 1. Increase in Membership

- According to the **International Cooperative Alliance (ICA)**, cooperatives worldwide have grown in membership, with over **1.2 billion members** as of 2023, up from approximately **1 billion** in 2015.
- This growth is particularly notable in Asia, Africa, and Latin America, where cooperatives are increasingly seen as a tool for economic empowerment.

### 2. Sectoral Growth

- **Agricultural Cooperatives:** Remain the largest sector globally, especially in developing countries. For example, in Africa, agricultural cooperatives have grown significantly due to government and NGO support.
- **Financial Cooperatives:** SACCOs have expanded, particularly in regions with limited access to traditional banking.
- **Worker and Consumer Cooperatives:** These have seen growth in Europe and North America, driven by demand for ethical business models and shared ownership.

### 3. Regional Growth

- **Africa:** The cooperative sector has grown rapidly, with countries like Kenya, Ethiopia, and South Africa leading the way. For example, Kenya's SACCOs have grown by over 20% annually in membership and assets.

- **Asia:** Countries like India, China, and Vietnam have seen significant growth in agricultural and financial cooperatives. India's cooperative sector, for instance, has over 600,000 cooperatives with more than 290 million members.
- **Europe:** Cooperatives in Europe have remained stable, with strong growth in renewable energy cooperatives and social enterprises.
- **Americas:** The U.S. and Canada have seen growth in worker cooperatives and credit unions, while Latin America has seen expansion in agricultural and fair-trade cooperatives.

### Growth Trends in Ethiopia (Last 5-10 Years)

Ethiopia's cooperative sector has experienced significant growth, particularly in the last decade, driven by government policies, international support, and the need for economic inclusion.

#### 1. Overall Growth in Cooperatives:

- **2015:** Ethiopia had approximately 73,000 cooperatives.
- **2020:** The number of cooperatives increased to over 100,000.
- **2023:** As of the latest data, Ethiopia has over 120,000 cooperatives, representing a growth of over 60% in the last decade.

#### 2. Sectoral Growth:

- **Agricultural Cooperatives:** Agricultural cooperatives dominate the sector, accounting for over 70% of all cooperatives. The number of agricultural cooperatives grew from around 50,000 in 2015 to over 85,000 in 2023.
- **Savings and Credit Cooperatives (SACCOs):** SACCOs have grown rapidly, from approximately **5,000 in 2015** to over **15,000 in 2023**. Membership in SACCOs has also increased, with over **10 million members** as of 2023.
- **Women and Youth Cooperatives:** Women and youth-focused cooperatives have seen significant growth, particularly in urban areas, with over **10,000 cooperatives** established in the last decade.

#### 3. Membership Growth:

- **2015:** Cooperative membership stood at around 10 million people.
- **2020:** Membership increased to approximately 15 million.
- **2023:** Membership has surpassed 20 million, representing nearly 20% of Ethiopia's population.



# Challenges Facing the Cooperative Sector

## Global Challenges

1. **Regulatory Barriers:** Inconsistent legal frameworks across countries hinder the growth of cooperatives.
2. **Access to Finance:** Many cooperatives struggle to secure affordable financing for expansion and innovation.
3. **Member Engagement:** Maintaining active participation from members remains a challenge, particularly in large cooperatives.
4. **Climate Change:** Agricultural cooperatives are disproportionately affected by climate-related disruptions.

## Ethiopian Challenges

- I. **Limited Access to Technology:** Many cooperatives lack the resources to adopt digital tools and modern agricultural technologies.
- II. **Weak Infrastructure:** Poor transportation and storage facilities reduce the efficiency of agricultural cooperatives.
- III. **Capacity Gaps:** Limited training and education for cooperative leaders and members hinder growth.
- IV. **Market Access:** Small cooperatives often struggle to access larger markets due to lack of connections and bargaining power.



# Opportunities for Cooperative Sector

## Global Opportunities

- **Green Economy:** Cooperatives can play a leading role in the transition to a green economy by promoting sustainable practices.
- **Digital Innovation:** Leveraging AI, IoT, and blockchain can enhance efficiency and transparency.
- **Global Partnerships:** Collaborating with international organizations like the ICA and UN can open new avenues for growth.
- **Youth and Women Empowerment:** Targeted programs can attract younger and female members, ensuring long-term sustainability.

## Ethiopian Opportunities

- **Agri-Export Potential:** Ethiopia's agricultural cooperatives can enhance their engagement in global markets for coffee, sesame, and other cash crops.
- **Government Initiatives:** Programs like the Agricultural Commercialization Clusters (ACC)<sup>3</sup> provide funding and technical support to cooperatives.
- **Digital Transformation:** Expanding mobile banking and e-commerce platforms can enhance financial inclusion and market access.
- **Climate Resilience:** Cooperatives can access international funding for climate adaptation projects, such as irrigation and renewable energy.

---

<sup>3</sup> <https://www.ata.gov.et/our-approach/agricultural-commercialization-clusters-2/>



## Implications for Coopbank

- **Tailored Financial Products:** Coopbank can develop specialized loan products, savings accounts, and insurance schemes designed specifically for the needs of cooperatives.
- **Value Chain Financing:** Coopbank can finance different stages of cooperative value chains, from input supply to processing and marketing.
- **Digital Financial Services:** Coopbank can leverage technology to provide convenient and accessible financial services to cooperative members through mobile banking and other digital platforms.
- **Capacity Building and Training:** Coopbank can offer training programs in financial management, business planning, and cooperative governance to enhance the capacity of cooperative members and leaders.
- **Partnerships and Collaboration:** Coopbank can collaborate with government agencies, developmental partners, NGOs, and other stakeholders to support the development of the cooperative sector.
- **Focus on Sustainability:** Coopbank can invest in cooperatives that have a positive social and environmental impact, aligning with the growing focus on sustainability.
- **Promoting Financial Inclusion:** By serving cooperatives, Coopbank can contribute to greater financial inclusion and economic empowerment in rural communities which aligns with its purpose "Empowering Communities, Transforming Lives".





## Overall Outlook and Recommendations

- Globally, cooperatives will continue to play a vital role in promoting economic development, social inclusion, and sustainability. Digital transformation, global collaboration, and climate resilience will be key drivers of growth.
- In Ethiopia, government support, agricultural modernization, and digital financial services will drive the expansion of cooperatives. Export opportunities and women's participation will further enhance their impact.
- Challenges such as limited access to technology, weak infrastructure, and climate change will persist but can be addressed through innovation, partnerships, and targeted investments.