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## **Role of Cooperatives in Small and Medium Scale Enterprises (SMEs) Development in Nigeria: Challenges and the Way Forward**

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### **Abstract**

*The paper examined the contributions of cooperatives to small and medium scale enterprises (SME) development, identified the challenges and to suggested ways of strengthening this role. The paper argued that SMEs are the key to Nigeria's prosperity, but that past efforts by the government to promote SMEs has not yielded the desired objectives. Cooperative societies from their antecedents have not only contributed to the development of small scale business but are in themselves small scale businesses. Cooperatives have always promoted small business development through entrepreneurial*

*development, funding, provision of entrepreneurship, promotion of establishment of small scale industries, promotion of small holder agriculture, etc. But in spite of these efforts, cooperative sector is still faced with several challenges, including lack of adequate funds, illiteracy among its members, lack of training /educational opportunities which make it difficult for cooperatives to contribute maximally in business promotion activities, etc. The paper is of the opinion that more could be achieved if efforts are intensified to address these challenges. Reform of the cooperative policy framework, including legal and regulatory procedures is desirable. Other areas needing attention are capacity building to address the problems associated with management and leadership skills in the societies and the need to strengthen the cooperative governance system.*

**Key words: Cooperative, SME, Capacity-building, Governance**

### **Introduction**

Nigeria's economy is dominated by small and medium scale enterprises in agriculture, manufacturing, commerce and industry, services, etc. The historical background of small and medium scale enterprises in Nigeria can be traced back to 1946 when the essential paper No. 24 of 1945 on "A Ten year plan of development and welfare of Nigeria was presented (Ever since, SMEs have gained prominence and mention as a seed bed of innovations, inventions and employment generation or creation (Aremu and Adeyemi, 2010). SMEs in Nigeria are seen as the backbone of all economies and are a key source of economic growth, dynamism and flexibility. A study done by the Federal Office of Statistics shows that 97% of all businesses in Nigeria employs less than 100 employees, implying that 97% of all businesses in Nigeria are, to use the umbrella term, "small businesses". The SME sector provides, on average, 50% of Nigeria's employment, and 50% of its industrial output. Indeed, there appears to be an agreement that the development of SMEs in Nigeria is a step towards building a vibrant and diversified economy (Mahmoud, 2005). This explains why successive Nigerian governments have been spending an immense amount of money obtained from internal and external funding institutions for entrepreneurial and small business development programmes. Previous initiatives designed to assist SMEs in Nigeria included; Mandatory minimum credit allocation by banks to small scale enterprises; the World Bank SME I and SME II loan programmes, the Agricultural Credit Guarantee Scheme Fund (ACGSF) and the Small and Medium Industries Equity Investment Scheme (SMIEIS). The

most ambitious move ever made by the government was the establishment of the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) to facilitating access to credit, technology and market for the SMEs (Ogboru 2007).

But many believe that these efforts of government have generally yielded poor results (Ogboru 2007). Given the large domestic market and plethora of raw materials in Nigeria, there is little progress in terms of manufacturing value-added products, either for import substitution, exports, or employment creation. The small holder agricultural has also not fared better and the country spends millions of dollar to import food and other vital products and services. Nigerian SMEs have not fared particularly well because of hostile operating environment among other challenges. Aremu and Adeyemi (2010) citing Basil (2005).observed that most SMEs in Nigeria die within their first five years of existence due to insufficient capital, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, infrastructural inadequacies (water, roads etc), lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right calibre staff, cut-throat competition.

The non-delivery of satisfactory results by the past SME development efforts has made it imperative to identify other institutional arrangements that could provide a more satisfactory result. One of such institutions is the cooperative. Nigerian cooperatives like cooperatives in other climes have always played a key role in the promotion and development of SMEs. Indeed, promotion and support of business enterprise of members and jointly owned business are at the core of cooperative functional activities. However, this promotional engagement is often neglected since policy makers often see cooperative as simply a channel for poverty alleviation and rural development and relates to them as such. Thus, they are yet to come to terms with the fact that cooperatives are first and foremost businesses and business promotion agents whose potential capabilities could be utilized to further promote SMEs.

The purpose of this paper is to highlight the role cooperative play in the development of small and medium scale enterprises (SMEs) in Nigeria;

examine the challenges and suggest ways to strengthen and sustain this role for the benefit of Nigeria's economy.

### **The nature of Nigerian SMES**

The definition of SMEs is varied from country to country since countries do not use the same definition for classifying their SME sectors. Nor does a universal definition appear to be necessary. The definitions in use depend on the purposes those definitions are required to serve and the policies which govern the SME sector. However, the three parameters generally applied by most countries, singly or in combination are: capital investment on plant and machinery; number of workers employed; and volume of production or turnover of business.

The Central bank of Nigeria in its 1990 credit Guidelines for financial institutions defined small scale businesses as those whose annual turnover does not exceed N200,000,000 or capital expenditure does not exceed N200,000,000. However, the CBN of recently puts the employment level of the small scale businesses at less than 50 and medium scale businesses as less than 100. In terms of asset-based, small scale has less than N 1 million while medium scale has less than N150 million (IFC 2002 cited in Ogboru 2007). The SMIEIS on the other hand, defined SME as any enterprise with a maximum asset base of N200 million excluding land and working capital and with the number of employees not less than 10 or more than 300.

The above notwithstanding, SMEs are generally distinguished by the nature of their production and management arrangements, trading relations, financial practices, internal competence, etc. Typically, the following features in varying degrees characterize SMEs in Nigeria: Small units, often rural-based and family-owned; small independent enterprises, standing alone and producing for a well defined market; specialised firm, producing specialized products, selling to the international and/or local markets; rely on low cost raw materials, low energy costs, low labour costs, low division of labour; flexible and often small production runs; low capital formation; and largely labour intensive units with low-level technologies.

### **What are cooperatives?**

The ICA defines a cooperative as: "An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise" (ICA, 1995).

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others. They adhere to a code of practice enshrined in the Universal Cooperative Principles (*Open and Voluntary membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence, Education, Training and Information; Cooperation among Cooperatives and Concern for the Community*).

Cooperatives, as economic enterprises and as autonomous self-help organisations, play a meaningful role in uplifting the socioeconomic conditions of their members and their local communities, as well as running major international businesses. They are found in practically all countries of the world, covering almost all the major sectors – including agriculture, forestry, fishery, finance (banking, microfinance and insurance), electricity (generation and supply), construction, mining housing, transport, manufacturing, trade and a wide range of social services. They help create, improve and protect income as well as they generate employment opportunities and contribute to poverty reduction.

Cooperatives focuses on the individual who wishes to start or expand a business including small and medium enterprise (SME) to better their socio-economic life and this is led by individuals who can be considered entrepreneurial (Agbasi 2010). Clearly, cooperative societies from their antecedents have not only contributed to the development of small scale business but are in themselves small scale businesses.

### **The Global Strength of Cooperatives**

Over the years, cooperative enterprises have successfully operated locally-owned people-centered businesses while also serving as catalysts for social organisation and cohesion. Cooperatives have over one billion members worldwide and can be found in sectors ranging from agriculture to finance to health (Whitman, 2011). In Germany, the cooperative business model is ‘seen to provide stability and security in tough times’, and is expanding into new fields within the SME sector.

In the USA, some of the largest health providers are consumer cooperatives; in the Pacific Northwest one cooperative provides health care for 570,000 members; in the Mid-West another has as many as 630,000 members. In

Japan, 120 consumer cooperatives provide health care for around three million members. In the UK in particular, consumer cooperatives are fifth in market share and are pre-eminent in the small supermarket sector.

In provision of utilities, over 1000 electricity cooperatives supply power to around 12 per cent of USA households, mainly in rural areas. The cooperative also has a visible in the insurance sector. For example, the Mutual Insurance Federation (ICMIF) has 184 insurance companies in membership from 70 countries, with seven percent of the world's premiums.

There are primary producer cooperatives, which supply inputs and do marketing and processing of products for farmers, fishermen and forestry workers. They include some of the world's biggest businesses, including conglomeration of farmers, ranchers and primary cooperatives whose success made to the Fortune 500 listing. Some are cooperatives of small farmers struggling to survive in a tough market where prices paid by supermarket chains are falling and farm subsidies are being cut. Also in the UK, In the UK, there is a cooperative that operates 400 markets on behalf of 65 cooperative market societies, through which 12,000 producers can sell direct to consumers (Co-operatives UK (2008)).

In Africa, the cooperative sector has continued to grow, at least in a number of countries. This was in spite of the economic difficulties that have been plaguing the continent. For instance, whereas there were only 1,000 cooperatives in Ghana in 1992, this has grown to 2,850 in 2005. Likewise Nigerian cooperatives grew from 2,900 with a membership of 2.5 million in 1992 to 5000 with a membership of 4.3 million in 2005 (Develtere and Pollet (2008)). In Kenya, the number of persons in the cooperative movement was 2.5 million in 1992 and 3.3 million in 2005. Also in Kenya, 20% of the population belongs to the cooperative movement (Vanhuynegem, 2008). South Africa as at 2002 has a total of 654 cooperative societies of various kinds with a membership of 56,501 (Philip, 2003). And in Ethiopia, more than 85 per cent of Ethiopia's total inputs in rural areas are distributed through cooperatives, and over 75 per cent of its coffee is exported by cooperatives. Indeed, in all the countries of Africa, there is significant cooperative advantage in supply of farm inputs, credit extension, processing and marketing of farm produce.

### **Cooperatives in the Nigerian economy**

Cooperative movement in Nigeria started with the colonial masters, with the formulation and enactment of cooperative legislation in 1935. During this period, the cocoa farmers in Western Region formed marketing societies with the sole aim of checking the excesses of middlemen and ensuring the marketing of pure and unadulterated cocoa. The initiative was taken following the acceptance, by the Colonial Administration, of Mr. C.F. Strickland's Report in 1934 on the prospects of cooperatives in Nigeria. Subsequently Mr E.E.G. Haig was appointed the first Registrar of Cooperatives (Okone and Ijere, 1986). In September of 1935, the Cooperative Department was inaugurated at Ibadan in Moore Plantation with total staff strength of one registrar, three cooperative inspectors, one clerk and one messenger. The following year, in 1936, the Cooperative Regulation was passed and the Cooperative Department was separated the Department of Agriculture. The inauguration of the first Nigerian cooperative finally took place in 1937 with the registration of Gbedun Cooperative Produce Marketing Society Ltd.

While it is true that Nigerian cooperatives growth has been slow, increasing in membership from 12 in 1935, with membership of 400 to 500 in 1949, and 450,000 in 1975 with more increase in membership in subsequent years, one finds out that there is still room for further and faster improvement (Okorie and Ijere, 1986). For example as at 2005, there was a total 4.3 million members in 5000 Nigerian cooperatives.

Since the year 1973, the Federal Government of Nigeria has been utilising the Nigeria cooperative movement as a source of distribution of scarce and essential commodities. This very fact has gone deep into helping greatly to rekindle more interest in the study of cooperatives since it looks as if one has to be a member of a cooperative society before one can obtain any scarce and essential commodity. From 1935 to 1952, there was one central cooperative societies' division located in the Department of Agriculture in Ibadan. It was from there, under the registration of cooperatives that the movement spread to other parts of the country. As time went on, however, the cooperative development became a regional matter, and later Cooperative Society Division was established in the Federal Ministry of Labour for the Federal Territory of Lagos. Subsequently, same were created by various state ministries in the country just as farmers' cooperatives flourished in the then Western Nigeria which built the famous Cocoa House, the cooperative credit

society and unions thrived in the Eastern part and later metamorphosed into Cooperative and Commerce Bank Nigeria Limited. The establishment of cooperative societies and agricultural institutions in the old regions of the country contributed to some of the major achievements credited to the good leadership of each of the regions between 1950 and part of 1960s (Ejeakanonu, 2007).

The Cooperatives in Nigeria are organised into service and producer cooperatives. The producer cooperative objectives are to promote the use of modern technology and contribute to national development through production. The service cooperatives are responsible for procurement, marketing and expansion services, loan disbursement, sale of consumer goods and member education. The cooperatives have made remarkable progress in agriculture, banking, credit, agro-processing, storage, marketing, dairy, fishing and housing. Service cooperatives are the closest to communities and are organised on a shareholder basis formed by individual members of organisations voluntarily working in a specific geographic area. For instance, primary level cassava farmers cooperatives provide a collection point for the farmers' produce, negotiate the per ton cost of cassava.

### **Ways cooperatives promote SMES**

Cooperatives are known to have assisted in the establishment and development of SMEs through its role in entrepreneurship promotion; raising capital; provision of infrastructural facilities; small scale industrialization; and developing small holder agriculture.

#### **1. Role in entrepreneurship promotion**

Entrepreneurship is seen here as the practice of starting a new business or reviving an existing business, in order to capitalize on new found opportunities. Cooperatives have long been identified and associated with promoting entrepreneurship not only on their jointly owned businesses but also in the individual business units of their members. Cooperatives by their nature and antecedents have always been pro-entrepreneurship. Of the cooperative efforts in this regard, the former United Nations Secretary-General Boutros Boutros-Ghali, in his 1994 Report to the General Assembly, stated:

Cooperative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive



employment, overcoming poverty and achieving social integration.

## **2. Role in raising capital**

Small enterprises have a great difficulty in obtaining capital, due to the poor match between their capital needs and the operating rules of the capital markets. Of all financing options available to SME, including a reluctant financial market and cash strapped government; cooperatives appear to be a most reliable option. Cooperatives, particularly financial cooperatives are response of the market itself to mobilize resources and make same available to SME and other users through appropriate institutional arrangement, thus explaining the recourse of some development agencies to channel funds meant for SMEs through cooperatives (Fischer 1998).

## **3. Role in provision of infrastructural facilities**

Inadequate infrastructure has been a problem to SMEs in Nigeria like in other countries. Cooperatives have often been able to provide some of these facilities by establishing joint production facilities for members with full compliments of tools, electricity, access road etc. (*cooperative society as a common workplace*). In other words, members have formed the cooperative society primarily as a form of "organised self-employment". Typical examples are collective agricultural cooperatives, small industrial cooperatives and entrepreneurs' cooperatives. A good example of this will be the HUDMCS where traders and businessmen in Anambra State established an international market with all the necessary infrastructural facilities such as electricity, access roads, water supply, security, etc. In some cases cooperatives had integrated vertically to establish such common workplaces at the secondary cooperative levels.

## **4. Role in small scale industrialization**

Cooperatives are also known to have increasingly promoted and supported small production and manufacturing enterprises, such as oil palm mills, maize processing facilities are often established as common work facilities or production cooperatives, in South East Nigeria. The handicraft and other local art ventures are also increasingly receiving the support and assistance of cooperatives in such states like Cross River and Akwa Ibom States. In production cooperatives that are established to promote industrialization members are usually the employees or workers of the cooperative.

## **5. Role in developing smallholder agriculture**

Historically, agricultural cooperatives have been a successful and common aspect of rural life in Nigeria. These cooperatives have allowed for economic stability and provided a framework for local investment that is community based. Aside from traditional agricultural and livestock ventures, agricultural activities focusing on livestock, fishing, forestry, and other natural resource based activities have also been effectively promoted. The attraction of agricultural cooperative to farmers is largely because of its role in farm inputs supply, marketing and processing and credit disbursements.

### **Challenges to optimal performance of cooperatives in SME promotion**

Admittedly, substantial evidence abound that has the Cooperative movement to be a formidable vehicle for wealth creation among its members prior and an antidote to most problems of SMEs. However, reports of failures of cooperatives in many states suggest that something has gone wrong. A visit to cooperative departments will show that substantial number of cooperatives that were formed ten to fifteen years ago have gone moribund as a result of poor performance and of being no longer relevant to the need of members. Some of these are as follows:

#### **1. Lack of Proper Management**

One of the major setbacks in establishing and running businesses in Nigeria is the lack of appropriate leadership and suitable management. For a Cooperative to succeed it is important that proper leadership be identified from its inception. It is the quality of leadership that is displayed at the Committee or Board level, which determines the success or failure of the Cooperative. In Nigeria, the lack of proper leadership and management amongst cooperatives is among the principal reasons for their failures. It is sometimes very difficult to identify leaders at the grass-root level, and even if this is done, one will find that the same set of people dominate the rank and file membership, and are returned to office year after year. Also employment of qualified and experience management is often handicapped because most primary societies do not have the funds to do so.

#### **2. Lack of Adequate Financing**

Traditionally, Cooperatives have developed around persons of limited means who lacked the financial strength to adequately capitalize their organisations. Until recent years, the commercial banking sector had no faith in the

Cooperative Movement, and credit from this sector to Cooperatives was virtually impossible. Government provided only minimal assistance through its lending agencies.

It is agreed that self financing is a hallmark of the cooperative movement. But self financing has not helped much because the bulk of the membership is financially weak. In any case cooperatives without a functional self-financing feature and no reliable external finance will obviously not prosper.

### **3. Poor Cooperative Integration**

Cooperatives particularly local rural cooperatives developed in isolation of each other. In addition, inability of some state cooperative federations and other apex bodies to galvanize the producers and services cooperatives into efficient and effective business entities has retarded the development of the Movement. As a result, the stronger societies were not willing to help the weak, and the latter were left to the mercy of the private sector to seek finance at exorbitant interest rates and harsh terms of repayment.

### **4. Government's Policy**

Cooperative Legislation and the Department of Cooperatives have been put in place since 1935. This was followed later by the regional cooperative laws and regulations. Presently there is the Nigerian Cooperatives Act (1993). The various legislations were meant to engender a vibrant and self reliant movement. But this has not happened and most of cooperatives in Nigeria are only active when there are government projects or programmes to benefit from. This problem of over reliance on the government stems from a faulty cooperative promotion model: The formation of cooperatives was not as a result of the felt needs of the people. Holmes cited in Birchall (2003) has noted: "There were two contradictory strands in the policy towards cooperatives. There was to be development from below, with learning by doing, mutual aid, fostering self-reliance, yet the development was to be planned, and carried out by government departments." The result has been the birth of a cooperative movement that is bereft of cooperative spirit.

### **5. Inadequate utilization of education and training facilities**

Education and training, undoubtedly, holds the key to further and future development of the cooperative sector. The Nigerian cooperative movement are not maximally benefiting from education and training facilities available in the country. The economic and management of cooperatives is being

taught in universities, polytechnic and several cooperative colleges at both federal and state levels but most primary societies lack the resources to take advantage of these. Worse still, the societies' leaders and administrators are seldom sponsored by the government and the apex cooperatives to avail themselves of these opportunities offered in the various institutions.

### **The way forward**

Cooperatives in spite of all odds have promoted and are still playing important role in the promotion of members' businesses. They will do more if appropriate steps are taken create an enabling environment. Urgent attention is needed in three critical areas:

- (a) Legal and Regulatory Reform,
- (b) Capacity Building and
- (c) Strengthening of Cooperative Governance:

#### **(a) Legal and regulatory reforms**

Government should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles. It is the contention of many, that most of the challenges facing the cooperative could be tackled through a holistic reform of the cooperative legal and regulatory environment. For cooperatives to thrive, be successful and more responsive to needs of member's small and medium scale businesses there must be adequate laws, regulations and supportive institutions that should promote cooperatives as private sector businesses. While many countries have reformed (or are in the process of reforming) their cooperative laws, often they do not treat cooperatives with the same conditions or controls as other forms of enterprise. Likewise, cooperatives treated as nonprofit organisations can become instruments to advance social rather than business purposes, which ultimately threaten their long-term financial viability, increases their dependence on external government or donor funds and, in so doing, jeopardizes their autonomy and independence from governmental or other third party interests.

The Cooperative Law and Regulation Initiative (CLARITY) have advocated the following nine basic principles for effective legal and regulatory systems that support cooperative businesses (USAID/OCDC, 2006).

- i. **Protect democratic member control:** Law must protect the democratic character of cooperatives, vesting control of the organisation in its members;
- ii. **Protect autonomy and independence:** Cooperatives are private sector businesses. Law must protect the autonomy and independence of cooperatives from government, persons, or entities other than members of the cooperative;
- iii. **Respect voluntary membership:** Law must protect the voluntary nature of membership in cooperatives; membership in cooperatives should be determined by the cooperative, not mandated by law or government order;
- iv. **Require member economic participation:** Law must protect and promote the responsibilities of membership, including the duties to contribute equitably to and democratically control the capital of the cooperative;
- v. **Promote equitable treatment:** Law and regulation should be no less advantageous to cooperatives than to other businesses in the same sector, while protecting and being sensitive to the mutuality of cooperatives. Incorporation, law enforcement, dispute resolution, and licensing of cooperatives should be handled in the same manner as they are for other businesses;
- vi. **Promote access to markets:** Sector-specific regulations should provide reasonable accommodations and incentives where appropriate, that enable cooperative forms of business to operate;
- vii. **Provide coherent and efficient regulatory framework:** Regulatory framework should be simple, predictable and efficient; should minimize bureaucratic delay and obstructions to business operation; and should avoid conflict and duplication with other laws. Regulation with respect to the business of cooperatives should be handled by institutions with the most relevant specialized expertise;
- viii. **Protect due process:** Cooperative organisations and their members should be accorded due process of law, including applicable rights to hearings, representation, and impartial appeals - for decisions of the state that impact cooperatives or their members; and

- ix. **Avoid conflicts of interest:** The roles of the state in law enforcement, dispute resolution, licensing and promotion should be administered in a manner that avoids duplication, undue influence, and minimizes conflicts of interest.

### **(b) Capacity building**

By capacity building is meant is meant to provide a stock of training for the success of human performance. It means that training of personnel is on the front burner of any organisation for the success of organisational growth (Maduegbuna 2010).

Prakash (n.d) gave the following *two principal approaches* that can be adopted to enhance capacities of cooperative small scale business:

- Economic and Infrastructural Development approach;
- HRD and Professionalisation approach.

Under the economic and infrastructural development approach money, machines, markets, management, legal and policy facilitation come into play. Under the HRD and Professionalisation approach it is the key players of the organisation which need to be qualified and improved in skills, methods and techniques to perform the business operations efficiently and with advantage to the owners and users of the organisation.

### **(c) Strengthening cooperative governance**

The crisis experienced by the cooperative movement particularly regarding the operational challenges can be largely explained by poor governance frameworks. Therefore enthroning good cooperative governance will enhance the ability of cooperatives to create wealth for their members, and place them in a position to be more responsive to the needs of SMEs.

The four key components of governance are accountability, transparency, predictability and participation. Governance is the reflection of the quality of management and the delivery of its services. Governance means the way those with power use that power. The concept relates to the quality of the relationship between government and the citizens (cooperative and its members) for whom it exists to "serve" and "protect". A contributory factor to bad governance is corruption - political, economic and social (Prakash 2003).

Cooperative institutions operate within the four walls of the universally-accepted principles of cooperation. Cooperatives are little democracies operating at the doorstep of basic members enabling the members to make use of their cooperatives to satisfy their economic and social needs through benefits and services. Good governance emerges through honest application of and adherence to prevailing laws and by respecting the spirit behind these prevailing laws. Therefore no new laws are needed to strengthen good governance in cooperatives. What is needed is enough will power and decisiveness on the part of policy makers and regulators (i.e. the various cooperative departments) to ensure and insist that all registered cooperatives adhere to this at all times.

### **Conclusion**

It is becoming increasingly obvious that SMEs are the key to Nigeria's prosperity. Past efforts by the government has not yielded the desired objectives. Therefore, there is a need to bring in other institutional arrangements that could help, hence the need to examine the role of cooperative in this regard.

Cooperative societies from their antecedents have not only contributed to the development of small scale business but are in themselves small scale businesses. Cooperatives have always promoted small business development through entrepreneurial development, funding, provision of entrepreneurship, promotion of establishment of small scale industries, promotion of small holder agriculture, etc. But in spite of these efforts, cooperatives are still faced with several challenges that include lack of adequate funds, among its members, non-utilization of training/educational opportunities, etc. Cooperatives will achieve more in the promotion of SMEs when efforts are intensified to address these challenges. Reform of the cooperative policy framework, including legal and regulatory procedures is desirable. Other areas needing attention are capacity building to address the problems associated with management and leadership skills in the societies as well as the need to strengthen the cooperative governance system,

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