



ADDIS ABABA UNIVERSITY
AKAKI CAMPUS LIBRARY

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

AN ASSESSEMENT OF PERFORMANCE OF FARMERS'
PRIMARY MULTIPURPOSE COOPERATIVES:
THE CASE OF ASGEDETSIMBLA WOREDA

BY: GETACHEW TIKUYE

JANUARY, 2010
ADDISABABA



**An Assessment of Performance of Farmers' Primary Multipurpose
Cooperatives: The Case of Asgedetsimbla Woreda**

By: Getachew Tikuye

Advisor: Fanta Mandefro (PhD)

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa University
in Partial Fulfillment of the Requirements for the Degree of Masters in Regional
and Local Development Studies**

**January, 2010
Addis Ababa**



Addis Ababa University
School of Graduate Studies

**An Assessment of Performance of Farmers' Primary Multipurpose
Cooperatives: The Case of Asgedetsimbla Woreda**

By: Getachew Tikuye

Institute of Regional and Local Development Studies

Approved by Board of Examiners:

Name	Signature	Date
1. <u>Woldemariam Tesfayoh</u> Chairman		<u>04/05/10</u>
2. <u>Dr. Fanta Mandefro</u> Advisor		<u>04/05/10</u>
3. _____ Examiner	_____	_____

Acknowledgment

Firstly, I would like to express my gratitude to the Finance and Economic Development Bureau of Tigray Region for giving me the chance to attend the Post Graduate Study.

I would also like to extend my heartfelt thanks to my advisor Dr. Fanta Mandefro for his follow up and valuable comments, and for giving me relevant materials.

In addition, special tanks go to my brothers Molla Tikuye, Negus Below and Colonel Tigabu Fetele; to my sisters Gimija Tikuye and Alemnesh Tuemay for their initiation, encourageemnt and moral support.

Besides, my utmost gratitude goes to Ato Mohammed Adem for giving me his academic advice in carrying out my study; to Shiferaw Mohammed working in Agedetsimbla Woreda of Rural and Agriculture Development Office who helped me in providing relevant materials and organizing enumerators during my fieldwork.

My appreciation also goes to my colleagues Hailemariam Haileselassie, Tsige G/Amlak and Alemsged Tadyos for covering my duties at office while I was out to field.

Last but not least, I praised God for giving me endurance, strength, courage and health to finalize my study.

Table of Content

Acknowledgement	i
List of Tables and Figures.....	ii
List of Acronyms.....	iii
Abstract.....	iv

CHAPTER ONE: INTRODUCTION

1. Introduction.....	1
1.1 Statement of the problem.....	4
1.2 Objective of the study.....	5
1.2.1 General objective.....	5
1.2.2 Specific objectives.....	5
1.2.3 Research questions.....	6
1.3 Significance of the study.....	6
1.4 Scope and limitation of the study.....	6
1.5 Organization of the paper.....	7

CHAPTER TWO: RESEARCH METHODOLOGY

2.1 Area selection criteria.....	8
2.2 Sampling design.....	8
2.3 Data source	10
2.4 Data collection instruments.....	10
2.5 Data analysis method.....	10

4.4.2 Lack of credit service and capital99
4.4.3. Lack of education and training.....100
4.4.4 Poor marketing interaction and absence of cooperative union.....102
4.4.5 Poor leadership and low cooperative members participation.....104
4.4.6 Favoritism and nepotism.....107
4.4.7 Cooperative members’ opinions towards their membership.....110

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion.....114
5.2 Recommendations.....116

BIBLIOGRAPHY.....119

ANNEX.....

List of Tables and Figures

List of Tables

2.1 Number of cooperative member and sample size.....	9
3.1 Rural cooperative organization in the Dergue Regime.....	33
4.1 Educational statues of the respondents.....	40
4.2 Main occupation of the respondents.....	40
4.3 Members' demand for and fertilizer supply by cooperatives.....	42
4.4 Total members' demand for and fertilizer supply by cooperatives	43
4.5 Members' response towards sufficiency of fertilize.....	44
4.6 Members' demand for and improved seeds supply by cooperatives	47
4.7 Total members' demand for and improve seeds supply by cooperative.....	48
4.8 Members' use of improved seeds in 2007.....	49
4.9 Total members' demand for and agricultural technology inputs supply by cooperatives.....	51
4.10 Members' accessibility to agricultural technology inputs.....	53
4.11 Members' response towards buying of consumer commodities.....	58
4.12 Cooperatives financial capacity and credit service accessibility.....	60
4.13 Cooperatives total expenditure, financial capacity and loan subsidized.....	61
4.14 Members' access to credit service for no-agricultural inputs.....	63
4.15 Members' accessibility to credit service for fertilizer purchase.....	64
4.16 Cooperatives capital trends for different fiscal years.....	69
4.17 Cooperatives total capital and its trends.....	70
4.18 Cooperatives financial demand and their working capital status.....	72
4.19 Net profit obtained for the cooperatives.....	74
4.20 Dividend growth of the cooperatives.....	76
4.21 Accessibility of cooperative members to dividend payments.....	77
4.22 Cooperatives provision of education and training to members	80

4.23 Cooperative members' attendance in the awareness- creating held for one day by executive members in the year 2008.....	81
4.24 Educational level of primary multipurpose cooperative executive members.....	83
4.25 Membership growth of the cooperatives.....	89
4.26 Cooperative membership growth compared with non-membres.....	90
4.27 Factors motivating for membership of cooperatives.....	91
4.28 Hired people so far by the cooperatives	92
4.29 Contribution of cooperatives to their member in owing livestock.....	93
4.30 Changes in living conditions of cooperative members.....	95
4.31 Marketing outlets of cooperative members.....	102
4.32 Extent of participation of members during meeting held at General Assembly.....	106
4.33 Members' opinions towards their cooperatives given the Positive statements.....	111
4.34 Members' opinions towards their cooperative given the negative statements.....	112

List of Figures

4.1 Map showing the study area.....	39
4.2 Fertilizer purchasing process of the cooperatives.....	46
4.3 Organizational structure of the primary multipurpose cooperatives.....	85

List of Acronyms

ACE	Agricultural Cooperatives in Ethiopia
AEMFIs	Association of Ethiopian Micro Finance Institutions
ADLI	Agricultural Development Led Industry
BoPED	Bureau of Planning and Economic Development
CBE	Commercial Bank of Ethiopia
CSA	Central Statistics Authority
DECSI	Dedebit Credit and Saving Institution
E.C	Ethiopian Calendar
EPRDF	Ethiopian Peoples evolutionary Democratic Front
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
ICA	International Cooperative Alliance
ILO	International Labor Organization
KFMPC	Kolba Farmers' Multipurpose Primary Cooperatives
LDCs	Less Developed Countries
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
UN	United Nations
USDA	United States Development for Agriculture
USAID	United States Agency for International Development
USA	United States of America
US	United States
RUSCCOs	Rural Saving and Credit Cooperatives
VOCA	Volunteers in Overseas Cooperative Assistance
WARDO	Woreda Agriculture and Rural Development Office
WOFED	Woreda Office of Finance and Economic Development
YACs	Yemen Agricultural Cooperatives

CHAPTER I

I. INTRODUCTION

Cooperation has always been a feature of humankind. However, the foundation of modern cooperatives movement is dated back to the late 18th century. The first consumer retail cooperative businesses was opened on Toad Lane in Rochdale, England, on December 31, 1844 by twenty-eight textile mill workers (AEMFIs, 2006). During the later part of the nineteenth century, the concept engulfed several parts of Europe and North America, and then the cooperative movement spread to other parts of the World. Then after, the World has witnessed the proliferation of cooperative societies in various forms and for variety of purposes (ibid). Since then, the cooperative movement aims in improving economic and social situation of under privileged social groups.

Cooperatives are complex organizations that emerge out of historical circumstances with complex economic and sociological goals. In line with this, Patric (2002) stated that cooperatives are multi-dimensional, contain multiple values and objectives and emerge out of historically specific circumstances.

Cooperatives are different from other investment organizational firms in their basic organizing principles, means, and ends rationality, and their inherent diversity of interests (Helpdesk, 2008). Applying investment models to cooperatives obscures this diversity and these differences. Cooperatives also pursue a variety of goals, some of which may be in conflict with one another (Thomas, 2002). The issue of targeting the poorest versus assuming the poorest will benefit from a more general approach has been debated in the circuits of cooperative development agencies and unfortunately research on the issue is very limited (Brichall, 2003). With this regard, Ignance (2004) noted that the point “cooperatives” have the potential to reduce poverty provided that their values and principles are respected-will do this more effectively than other forms of economic organization.

However, this potential may not always be realized either because members lose sight of the needs of other potential members or because those concerned with poverty reduction see cooperatives as tools rather than as autonomous organizations. For instance, Mnknes (2001) states that "cooperatives do not help the poor, but by working together, by pooling their resources, by submitting themselves to group discipline and by accepting to combine self-interest and group solidarity, the poor can solve some of their problems by way of organized self-help and mutual and better than alone."

There are also some theoretical arguments tend to be organized around understanding of cooperatives as "pace makers" or as having temporary "yardstick" functions that mix multi-functioning markets. But, given the deductive nature of these arguments, these conversation theories tend to miss the boom- and bust character of agricultural markets as well as their historical tendency toward consolidation and oligopolization (concentration) (Patric, 2002).

Despite the different arguments, many literatures indicate that most cooperatives in the World are in position to serve their members and the poor in different economic areas because of the breadth of their out reach. As noted in Graham (2005), many cooperative development agencies have in recent years adapted their strategy and have explicitly been working on the out reach towards the poorer sections of the World population. Thus, cooperatives have become the voice in meeting the needs of poor people more effectively and service delivery chain in the World. Cooperatives have made also a significant contribution to development in general and financial architecture, in particular.

However, Harte (1995) argues, "the efficiency of cooperatives is not proven by their survival and development over so many years, as cooperatives in most countries have been favored by government policies (and sometimes used as instruments of government policies) through tax breaks and other direct and indirect proportional to levels of investment." But, unlike other capitalist enterprises, cooperatives have traditionally incorporated a democratic political principle (one member, one vote) in to their internal governance. This aspect has always stood in contrast to investment of finance in which voting privileges are directly proportional to levels of investment.

Political neutrality is also a cooperative fundamental. For example, according to Rocha dale cited in Pichai (2005), it would be unwise for a cooperative association to get affiliated or become identified with any political group or party, because the schismatic influence which results from political issues tends to destroy relationship essential to cooperatives, and brings in division and disharmony among the members. Furthermore, Veerakumaran (2005) noted that an active relationship with cooperatives employees and workers shall be encouraged by concerned governmental and non governmental agencies only with a view to creating a favorable climate for the development of cooperatives. In connection to this, Mesfin (2007) also stated that cooperative potentials can be fully realized if they are integrated in to the development process, with out undue interference of government authorities and donor communities.

Cooperation is not a new venture in the Ethiopia peoples' history. Regarding this, Assefa (2005) stated that cooperative societies of different forms are as old as the society of Ethiopia. Cooperative societies among the people in the rural and urban areas have been used for different purposes on the basis of needs of the cooperators.

Ethiopia is well known for its diversified nationalities. Each nationality has its own unique culture and custom of living. Despite diversified nationalities, people work in group or in coordination. This has been evident in Ethiopia that people had been working together to solve common problems and to achieve common goals in organized form. For example, people have been organized through informal institutions such as Iquip, Iddir, and Debo.

Among the different informal institutions, some of them have contributed to the basis of modern cooperatives in Ethiopia. For instance, Alemenew (2005) noted that among the informal institutions; Iddir is the most common one, and has similarities with modern cooperatives for the reasons that it holds voluntary membership, democratic control and administration, each member is participating accordingly the bylaws and principles of the local Iddir.

1.1 Statement of the problem

One of the major problems of most of the rural cooperatives in LDCs is their unsatisfactory or dismal cooperatives performance. The historical background of the performance of Ethiopian cooperatives, particularly the farmers' primary multipurpose has been disappointing, having less than satisfactory or insignificant contribution to their members and to the communities as a whole.

Some studies have also shown the performance of Ethiopian cooperatives, particularly in the past regimes was dismal attributed to different reasons such as government intervention, implementation problem, poor leaderships and the likes. For example, Kefele (2006) stated that excessive government intervention and control coupled with mismanagement, and lack of coordination between cooperative principles and policy during Dergue Regime deterred the cooperative movement which led to problems and failures of cooperatives. Moreover, Assefa (2005) pointed out that cooperatives during Dergue Regime were poor to perform their activities due to wrong proclamations, lack of trained manpower, shortage of capital and others. These different factors had deterred the cooperatives resulting in poor performance. As the result, the cooperatives were not attractive to give different services to their members thereby to improve their living conditions. Following the collapse of socialism in 1991, many cooperative societies collapsed and others were at marginal.

However, in subsistence agriculture and low income countries like Ethiopia, where the national economy is dominated by smallholder and the peasants also often face scarcity of capital to undertake different agricultural activities, promoting of farmers primary multipurpose cooperatives is deemed to be crucial in the provision of different services and facilitating different agricultural activities thereby to improve living condition of their members; and in the development process of the country as whole. For example, they can provide rural credit services, agricultural inputs such as high yielding seeds, improved agricultural technology inputs, chemical fertilizers to their members and to the communities. Besides, they can purchase raw materials and agricultural machineries, and distribute to their members. On top of this, the cooperatives could create capital and make profit from involving different activities and local resources mobilization thereby distribute dividend payments to their members.

Following the demise of the Dergue Regime in 1991, the current Government has taken series of economic reform programs re-orienting from command to market economy. Following the economy reform, the Government has also reformed rationalizing the role of the state and creating legal, institutional and policy environment, and encouraging the private sectors. Moreover, the Government has refined the legal regulatory framework for cooperative development comprising regulations, principles and values of cooperatives. For example, the Government has provided the Proclamation No.147/1998 consisting different cooperative societies which stipulate the establishment of cooperatives shall be on the fundamental cooperative principles.

Thus, the need to assess the performance of farmers primary multipurpose cooperatives arises because of the recent considerable importance of the Government has placed on cooperatives. Therefore, having the disappointing background performance of cooperatives, particularly in the past regimes and considerable focus given to the cooperatives by the current Government, the study will try to assess the performance of farmers' primary multipurpose cooperatives in Asgedetsimbla Woreda, Tigray Region. Moreover, study has not been carried out on assessing of the performance of these cooperatives so far in the Woreda.

1.2 Objectives of the study

1.2.1 General objective

The **General Objective** of the study is to assess the performance of farmers' primary multipurpose cooperatives in Asgedetsimbla Woreda.

1.2.2. Specific objectives

- To examine the capacity of the cooperatives in provision of different services such as credit services and supply of agricultural inputs to their members
- To know the trends of dividend payments, profitability and capital creation of the cooperatives
- To assess the organizational capacity of the cooperatives to execute the outlined duties of the cooperatives

- To know the job creating-opportunity of the cooperatives
- To examine the contribution of the cooperatives on living conditions of members
- To identify factors affecting the performance of the cooperatives

1.2.3 Research questions

In order to address the basic objectives of the study, the research was supported by some research questions. The following are pointed as research questions so as to address the basic objectives of the study.

1. How do the cooperatives perform?
2. What are the factors that affect the performance of the cooperatives?
3. What is the contribution of the cooperatives in improving the living conditions of their members?

1.3 Significance of the study

This study is important in the sense that it gives helpful insight to the nature of Ethiopian farmers' primary multipurpose cooperatives. Despite the existence of some studies on cooperatives in Ethiopia, study on performance of farmers' primary multipurpose cooperatives in the country, however, is scanty. This study could contribute towards filling some of the gaps. Moreover, the study findings are expected to be valuable documents for reference to government bodies, NGOs and researchers since the study came up with performance status of the farmers' primary multipurpose cooperatives and factors affecting performance of these cooperatives.

1.4 Scope and limitation of the study

This study mainly devotes itself to the assessment of performance of farmers' primary multipurpose cooperatives and some factors affecting the performance of these cooperatives in Asgedetsimbla Woreda. The study included four farmers' primary multipurpose cooperatives of the Woreda. This covered 21% of the farmers' primary multipurpose cooperatives available in the Woreda. Owing to the inherent difficulties in measuring performance of cooperatives in some standardized yardstick variables, the performance of the cooperatives for some of them was evaluated based on the achievement progress status of the cooperatives. This may limit somehow

the testing performance and the conclusions drawn. Nevertheless, it should be noted that this approach has been used by researchers engaged in undertaking performance assessment of cooperatives. Moreover, the education being on distance had its own limitation in carrying out and finishing the study timely. Because of this, it was difficult to communicate personally with the advisor so as to exchange ideas and information important in carrying out the study timely.

1.5 Organization of the paper

The paper consists of five chapters. The first chapter provides an overview of historical background of cooperatives including the Ethiopian context, statement of the problem, objective of the study, research questions, significance of the study, and scope and limitation of the study. Chapter two is mainly concerned with the research methodology of the study. Chapter three deals with literature review including theoretical and empirical evidence of cooperatives. Chapter four covers the detail discussion, data interpretation and findings of the study. The last chapter, chapter five, includes the conclusion, and recommendations.

CHAPTER II

2. RESEARCH METHODOLOGY

2.1 Area selection criteria

The research approach is case study because case study is focusing on specific issues in holistic approach in specific area. Thus, the study is focusing on assessment of performance of farmers' primary multipurpose cooperatives in Asgedetsimbla Woreda. Moreover, the Woreda is selected for study purpose because the researcher is well familiar with the culture, custom and norms of the people; hence communication with people during research undertaking and field work would be easier. On top of this, substantial numbers of farmers are seen being organized under farmer primary multipurpose cooperatives in their local areas. However, research on these cooperatives, particularly on performance of the cooperatives has not been yet undertaken.

2.2 Sampling Design

There are several types of sampling designs from which the researcher could select appropriate for his/her study. For this, study the simple random sampling technique was applied. This method was applied because the rural farmer cooperative members are more or less homogenous in their economic conditions, and other social and cultural characteristics.

In Asgedetsimbla, there are 19 farmers' primary multipurpose cooperatives founded in different Kebeles of the Woreda. From these cooperatives, four farmers' primary multipurpose cooperatives were taken for the study. The purposive selection of the cooperatives is due to that some of the cooperatives have involved in the production of local resources; and the other is related to their location. Dede-bit primary cooperative was selected because it is the only cooperative which has involved in incense production. Mayferes and Maysiye primary cooperatives were selected due to their involvement in sand production. Lemlem primary cooperative was selected due to its accessibility such as to transport facilities and is nearer to the main town of the Woreda. On top of the involvement of local resources production, Dede-bit and Mayferes primary cooperatives were also selected due to their location which is far from the main town of the Woreda lacking such as transportation facilities. In addition to its involvement in sand production, Maysiye primary cooperative was also selected due to its accessibility to transportation facilities like Lemlem primary cooperative.

Table-2.1 Number of cooperative members and sample size

No	Name of Kebele	Name of multi purpose cooperatives	Number of members			Sample size (11.2%)
			Male	Female	Total	
1	Dedebit	Dedebit	334	22	356	40
2	Lemlem	Lemlem	394	35	429	48
3	Maysiye	Maysiye	98	36	134	15
4	Mayferes	Mayferes	288	42	330	37
	Total	4	1114	135	1249	140

Source: WARDO Cooperative Desk report, 2007 and own computation

The above Table indicates the total number of cooperative members and sample size of the cooperatives to be studied. The total number of cooperative members of the study cooperatives is 1,249. From this, 140 or 11.2% of them were taken as samples for the study. Because the rural societies are homogenous, the samples are representatives of the population under consideration. Regarding this, Kefele (2006) stated that in societies, where they are homogenous in economic, social and cultural characteristics, small sample size can be taken representing the whole population so as to minimize cost and time. Having this, the sample of the cooperative members from each cooperative was taken based on the size of members that the cooperatives having.

That is: $S = n/N \times K$, where;

S= Number of cooperative sample members drawn for the cooperative under consideration

n= Total number of cooperative members registered for each cooperative

N= Total summation number of cooperative members registered of the four sample cooperatives

K=Total number of sample size of cooperative members taken for the study

Having the above computation, the higher the number of cooperative members registered for the cooperative, the more the number of sample cooperative members taken for the study in relative terms.

2.3 Data Source

Both quantitative and qualitative data were used for the data source. The primary data was obtained from survey respondents, key informants interview, and focus group discussion. Secondary data was collected from the different records of cooperatives such as Woreda Cooperative Promotion Office, Regional Cooperative Promotion Agency, and other related sources.

Focus Group Discussion

A focus group discussion is expected to strengthen the data source of the study. The focus group discussion was held in all primary multipurpose cooperatives based on the interview guidelines prepared by the researcher in order to generate information on the research matter. Then, the result obtained was interpreted in connection to the survey data finding.

Key Informant Interview

Key informants are those who do have direct relation with the cooperatives, in deeded, have enough information and knowledge about the mission and the objectives of the cooperatives who are expected to provide interesting information understanding to issues related to the research problem. Having this, concerned experts such as working in the Woreda Office of Cooperative Promotion were interviewed based on the prepared guideline questions.

2.4 Data collection instruments

Questionnaire consisting both open and open-ended questions was used to collect the survey data. Besides, interview guideline questions were also used for key informants and focus-group discussions so as to obtain the basic information of the study. The questionnaire was prepared in English and then translated into Tigrgna language for the sake of making the communication easier during interviewing by the enumerators. Moreover, the enumerators were given a one day orientation how to approach people for interview and how to collect data based on the questionnaire prepared.

2.5 Data analysis method

The data collected were presented and analyzed using frequency, percentage and tabular data.

CHAPTER III

3. LITERATURE REVIEW

3.1 Conceptual and Theoretical Literature

3.1.1 What are cooperatives?

A cooperative has been defined differently by different authors.

According to USAID (1985), cooperatives are defined as voluntary, independent business enterprises formed to meet specific needs of their members through a common venture. Another definition is: cooperatives as people-center business enterprises which operate in all areas of economic activities and in almost all countries of the World (Tadesse, 2005). According to Veerakumaran (2005), cooperative enterprise is "an organization of coordinated activity; it is a collective behavior with a common purpose and governed by a common working rules."

Although different definitions are given to cooperatives, the International Cooperative Alliance (ICA), an apex organization that represents cooperatives worldwide, is considered to be the authority of cooperatives. According to AEMFIs (2006), 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".

Multipurpose cooperatives comprise different functions, and activities of cooperatives. Multipurpose cooperatives are those which combine two or more of the business activities of these different types of cooperatives (Lambert, 2003). "Cooperative society" means a society established by individuals on voluntary basis to collectively solve their economic and social problems and democratically managed same (Tadesse, 2005).

3.1.2 Why do we talk about cooperatives?

The relatively permanent institutions created by cooperatives development in the Third World provide an institutional framework through which other resources and programs can be channeled (USAID, 1985). In this, it is also elaborated that cooperatives are able to reach and benefit sectors of the population that would not normally be served by other private sector institutions or direct government programs.

The significance of cooperatives on the economies of scale, strengthen the private sector, innovation, and rural development is also recognized. Tesfaye (2005) noted that cooperatives are formed primarily to serve an economic function although sociological ends are often an important purpose, unless a cooperative is successful economically, no long lasting or self-sustaining social development can be expected. Likewise, USDA (2005) indicated that cooperatives can be useful and effective means for capital formation, for fostering private initiative and competition, and for directing grassroots efforts towards development objectives at the local, regional and national levels. The USDA further elaborates that cooperatives can be used to solve problems of large numbers of rural and urban poor basic human needs.

Cooperatives are also understood to play roles on their members' self-reliance and development. Regarding this, Pichai (2005) stated that the high premium placed on members' participation in the operations and decision making of cooperatives promotes independent and self reliance encouraging members to take an active role in their own development.

Cooperatives, particularly multipurpose primary cooperatives are considered to be integral part of rural development in Ethiopia. For instance, it is important for multipurpose cooperatives development that the overall relationship between input and output prices within agriculture sector, and the terms of trade between agriculture and others sectors of the economy in order to stimulate growth on rural areas (Tesfaye, 2005). Likewise, VOCA (2005) sated that the need of establishing Agricultural Cooperatives (ACE) is to improve the efficiency of agriculture markets through development and promotion of modern business oriented agricultural cooperative activities of input supply, marketing, and extension of credit.

Cooperative system will accord an important place to the social aspect of development with its of basic democracy, self management and the priority to collective needs, which have always been subordinated to the purely economic aspects (Pitchai, 2005). Cooperatives are also important to mobilize different resources and projects helpful to their members and communities which can not be done by individuals. For instance, Heylighen (1991) cite in Tadesse (2005) noted that human society is a dynamic network of cooperative activity that inseparably interlinks our lives and our actions, and cooperation in cooperatives enable organizing of resources, and cooperative organizations can operate large projects unimaginable to individuals or small groups. Besides, one of the most attractive aspects of cooperatives is their potential for capital formation of a scarce resource in most developing countries (USDA, 2005).

Cooperatives could provide different services such as credit provision to their members and convenient channel for the transfer of credit to productive members. Regarding this, the cooperative ensures that loans to members products or produce under its own auspices, which is an essential prerequisite for cooperatives, particularly for rural agricultural cooperatives (Zvi Galor, www.coopgalor.com). Besides, people organize cooperatives to improve their income on economic position or to provide a needed service. For instance, according to USDA (2005), the purpose of cooperative is to provide greater benefits to the members such as increasing individual income of enhancing a member's way of living by providing important needed services.

Cooperatives can contribute to the achievement of Millennium Development Goals because of their inherent characteristics (USDA, 2005). That is, because cooperatives are economic associations, they provide the opportunity for poor people to raise their incomes. In addition, there is increasing evidence indicating that cooperatives also contribute directly or indirectly to meeting several of other Millennium Development Goals such as primary education for children, gender equality and reducing child mortality (ibid).

3.1.3 Cooperative Values and Principles

Cooperative Values

According to Veerakumaran (2005), the Statement of Cooperative Identity adopted by the ICA provides the operational values upon which cooperatives are founded.

Self-help: It means one should try to solve his problems with his own efforts, means and resources available. But self-help succeeds only up to a point. In other words, through joint action and mutual responsibility, one can achieve more and better results. Hence, self-help and mutual-help promote cooperative spirit and key to success of cooperatives.

Self-responsibility: Members assume responsibility for their cooperative. That is, members have the responsibility of promoting their cooperative among their families, friends, and acquaintances. Similarly, each member of cooperative should realize and accept his responsibility towards cooperative and commit himself to it.

Democracy: Democracy is a basic value of cooperative. In the context of cooperatives, the essence of democracy is "conscious decision". "Conscious decision" means understanding the logic or rationale of taking decisions and be aware of the possible consequence of the decision and their impact on individual and institution.

Equality: Equality is to mean equal right and opportunities, right of participation, a right to be informed, a right to be heard, a right to be involved in decision making. Members are to be associated as equal as possible, without any kind of discrimination of gender, religion, cast, creed, race, amount of share capital contribution etc.

Equity: It refers to how members are treated within a cooperative. Members should be treated equal in how they are rewarded for their participation in the cooperative normally through patronage dividends, allocations to capital resources. Equity ensures social justice.

Solidarity: Solidarity is collectivity. It also means that a cooperative has a responsibility for the collective interest of its members. It indicates that society's financial and social assets belong to the group, being the result of joint efforts and participation.

Honesty: Cooperatives ideal is honest dealing with members and non-members. Cooperatives regularly reveal to their members and others information relating to their performance. Honesty is not monetary only, but also honesty of thoughts, commitments, behavior and conduct, no hypocrisy, no dishonesty in election.

Openness: It means that cooperatives are open to members of community they serve. They have a commitment to serve and assist individuals in helping themselves.

Social responsibility: Cooperatives should have beyond caring for members only. They should financially assist or organize activities beneficial to the entire community.

Caring for others: It is taking interest and care about other people. Cooperatives are humane by nature though their main concern is to achieve economic object.

Cooperative Principles

The ICA has set cooperative principles as guide lines by which cooperatives put their values in to practice. Therefore, cooperative principles are guidelines for judging behavior and for making decisions. These cooperative principles are listed below.

Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities to membership, with out gender, social, political, or religious discrimination.

Democratic Member Control

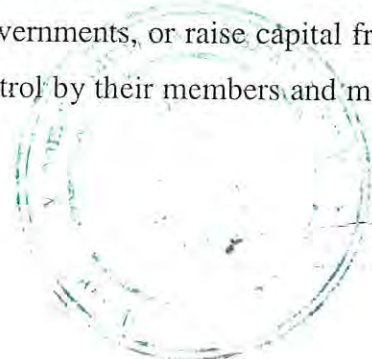
Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

Member Economic Participation

Members usually relieve limited compensation if any, on capital subscribed as a-condition of membership. Members allocate surpluses for any or all of the following purposes; developing the cooperatives, possibly by setting up reserves part of which at least would be indivisible; with the cooperative, benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter in to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.



Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives.

Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. According to Tadesse (2005), the ICA states that "All cooperative organizations, in order to best serve the interest of their members and their communities, shall actively cooperate in every practical way with other cooperatives at local, national and international levels having as their aim the achievement of unity of action by cooperators through out the world."

Concern for Community

Cooperatives work for the sustainable development of their communities' through policies approved by their members.

3.1.4 Theoretical and conceptual framework of cooperative performance indicators

In this study, performance can be conceptualized as the extent to which the primary multipurpose cooperatives achieve their goals. The goals of rural cooperatives can be set at multiple levels (James, 2000). According to Berhane (2008), there are no standardized performance measurement tools to evaluate the status of cooperatives. However, even in the absence of this standard and systematized recording; we can evaluate their performance using the available data and information such as profitability, asset quality, signs of growth, rates of returns and costs, etc (ibid). This indicates the performance of the cooperatives can be evaluated based on the achievements that the cooperatives are engaged.

Moreover, different literatures indicated there are a number of ways to assess performance of cooperatives. Measuring the outputs or direct benefits is regularly the most important step, for these are what direct influence the welfare of group members (Frank, 2006). Below are listed some of the main cooperative performance indicators highlighted in many literatures.

Capital formation

The quality of cooperative capital is defined here by the intensity of member commitment demanded by the terms and conditions attached to the various forms of capital by the cooperatives.

The nature and role of capital in cooperatives has been of interest ever since modern cooperatives were first established. The subject has an inherent fascination because it illuminates a distinguishing difference between cooperatives and other forms of business organizations, i.e., as member user-owned rather than as investor-owned firms.

Today, a number of developments have occurred that give new importance to the question of cooperative capital (Ilona, 2008). These include: (a) the dissolving of the bi-polar world composed of two competing ideological and economic block systems and the resulting transition of many economies from centralized control to market-orientations, and (b) the related geobolization of markets through trade deregulation and liberalization, privatization and structural adjustment. These changes are operationalised through withdrawal of government, removal of subsidies and opening-up of national markets to broader local and foreign competition.

In the free-market industrialized countries, independent farmers will have to compete even harder to survive. Competing often means mobilizing common interest, utilizing well-tried cooperative organizational techniques to set up structures owned, controlled and used by farmer members. It means yet one more challenge to the solidarity and ingenuity of the members of farmers' cooperatives.

With regard to capital, USDA (2005) noted that the current challenge facing farmers and their cooperatives is to mobilize enough funds to meet the growing demands of capital-intensive investment in leading edge technology. That is, either farmers generate enough funds to acquire and use it or they are simply forced out of business.

Of particular note was the news regarding the recent establishment of "new generation" of agricultural cooperatives which have developed innovative and up until now successful methods

for mobilizing members' capital so they can compete in their rapidly changing agricultural markets (Thomas, 2002). In many developing countries, the impact of these changes is closely related to the degree of government financial support and/or control that was exercised in these countries in previous era of subsidies and direct promotion.

According to Carle (1991), types of cooperative capital could be classified as: (1) cooperative membership (share capital) (2) reserve capital (3) non-refundable (non returnable membership fees). Each source within this category could be gained according to its majority that is the length of time for which each type of fund is provided. However, the nature of cooperative capital implies that retained surpluses are the most potential source of member capital because retained surpluses have no explicit cost to the cooperative (ibid).

It is clear that most capital for investment should have to come from the cooperatives themselves. Despite of this fact, James (2000) described that accustomed to decades of governments financial and technical support and guidance, many cooperative leaders and members are not ready to make the change. Therefore, to change such attitudes, these individuals have to be shown empirically that member-based cooperative financing strategies are essential to survive under the new rapidly liberating market condition.

At all, it is possible to say that there exists a positive correlation between member support in the form of capital creation and capital mobilization of cooperatives, and improved cooperatives business performance in the market for greater member satisfaction and growth of cooperatives. For instance, cooperative capital has an important "quality dimension" and that higher proportions of member capital (including indivisible reserves, share capital, loan deposit ratios, etc) are positively correlated with higher levels of member commitment and with improved cooperative business performance and growth (FAO,1995). FAO also added that "capital formation" is important because the accumulation of financial capital is one of the vital foundation stones for sustainable growth of cooperatives, particularly for agricultural cooperatives because farmer cooperation is also essential prerequisite for agricultural development.

Moreover, Patric (2002) noted that capital formation of cooperatives is important because: (a) it increases market shares (b) for expansion in to more capital-intensive activities (c) for export (d) enhance credit worthiness (e) for commitment and patronage of members. Increased cooperative capital is also important to management and organizational efficiency. For instance, increased member should also improve management accountability and could lead to better and more efficiency, provide member services since it follows that when you are paying part of the bill and know you are paying tending to demand better cooperative business management and services (Thomas, 2002).

A strong capital position may also attract members to a cooperative if it permits more efficient and dynamic provision of services. Therefore, capital formation in cooperatives is important and timely one for better cooperatives business performance and growth.

Profitability

Agricultural cooperatives have organized around production and farmers issues to retain value on the farm and to maintain financial solvency. This also holds true for other types of cooperatives. In other words, to be called a cooperative is performing well, that cooperative has to be profit making to its members. The profit could be obtained by adding margins to the cost or from other cooperative activity areas. With this regard, cooperatives need to make a margin over costs (loosely understood as profit) to continue providing for patrons' long-term needs (USDA, 2005).

In fact, cooperatives long-term profitability and performance is variable depending upon the enabling conditions for their formation, their economic, political and social environment, and their internal ideological and organizational characteristics. However, when cooperatives are structured properly and have sufficient inputs of production, they have been known to increase productivity and provide better quality of profit (Ellerman, 1984). Hence, rural cooperatives making financial profits have to be tended to concentrate in the evaluation of cooperatives performance. In line with this, Blasil (1984) stated that successful cooperatives redistribute to their members in the form of benefits and profit sharing.

Therefore, conscious effort must be made to retain a portion of profits and the indivisible reserves category. This should ensure the stability and performance of the cooperatives even if a few members prefer withdraw (Frank, 2006).

As whole, focus on profitability is important to survival of cooperatives. But, that profit require efficient use of assets and that asset quality is essential to preservation of capital and for further cooperatives progress. Profit could also be retained and allocated to members but not necessarily paid out. Besides, dividends and interest should be paid on contributions in order to encourage member participation in the capital base.

Membership growth

Farmer cooperatives such as multipurpose cooperatives are growing in most developing countries. Owing to the growth of cooperatives, membership growth is also increasing. Thus, membership growth of cooperatives has its own role for development of cooperatives. Democratically organized cooperatives present a potential for internalizing in a community of membership growth and health environment (Merlo, 1998).

Moreover, Mesfin (2007) also indicated that membership growth inspired by the heart-felt needs of the members can be as one of the indicators of performance of a cooperative society. In other words, although the efficiency of the cooperative matters for membership growth, increased membership of a cooperative could indicate the development trend of that cooperative.

Despite the above facts, there are some controversial notions whether membership growth of cooperatives is important factor for development and performance of cooperatives or not.

For example, although growth in cooperative membership can entail significant gains from efficiency, growth in the number of member-owners may also increase the probability of divergent interests among patron-owners (Hansman, 1996). Olson (1965) also introduces the controversial notion of size in his discussion of privileged and latent groups. Besides, Frohlich (1970) illustrated that those cooperatives producing such as rivalrous goods are likely to experience the negative consequences of growth as the member of patrons rises. However, this is

particularly true in cases in which the marginal cost of adding another person to the group exceeds marginal efficiency gains.

Despite such controversial notions, many literatures and cooperatives study findings nowadays insist on the fact that membership growth has some thing to do with cooperatives development and performance. With this regard, Molly (2009) portrayed that it may be reasonable to expect a large number of members to be involved in the cooperative over time if considered the following factors. These factors include: (1) upon formation potential cooperators may adopt a wait and see strategy, preferring to join once the cooperative has made creditable steps toward meeting its market objective (2) cooperative may expand its territory or merge with additional cooperatives (3) member-owners who have ceased transacting with the cooperative may continue to possess allocated equity and voting rights in the cooperative.

Moreover, in case of purely non-rival goods, the individual (member) pay off doesn't diminish with group size. According to Frohlich (1970), although some individuals may decrease their contribution of resources, the over all level of provision of normal, non-rival goods will increase with group size of a cooperative.

Participation

According to Della (2003), members' participation studies the members' involvement on the decision-making, taking part in the different activities, interaction, linkages, perception and attitudes of the members. Participation is also defined as "an instrument to break poor people's exclusion and lack of access to and control over resources needed to sustain and improve their lives" (ibid).

From the above understanding, participation is intended to empower members and to take more control over their lives. Therefore, it is clear here that participation of members may lead to empowerment of cooperatives.

Moreover, Moser (1996) dictated that the motivation of cooperative members and their active participation is important element, because active participation of members in their cooperatives

is likely to reduce costs and thus to enhance cost-effectiveness, and facilitate capital mobilization.

Therefore, the extent of participation of the members could be measured in terms of the degree of involvement in the decision-making of the group and in taking part in the different activities of the cooperatives. Besides, it measures the interaction among the members' contribution to the cooperative activities that forms ties with other organizations or linking activities. It includes taking part in the meeting through giving opinions and sharing thoughts on the matter arises (Pecorinino, 2009).

In relation to participation, Della (2003) concluded that the realization of the goals, objectives and performance of any cooperative organizations depends on the active contribution of its members. This indicates giving weight on the importance of participation of individual member for the development and sustainability of cooperatives. Likewise, Harte (1995) noted saying with out participation, there can be no cooperation. Hence, the nature of participation is critical for the success of cooperatives.

Provision of different services

Service provision is the most important of the cooperative activity area. It indicates the efficiency capacity of a cooperative. With this regard, FAO (1995) noted that service to members is a more important factor than profitability in attracting member patronage.

According to Graham (2005), cooperative societies are engaged in the production and distribution of seeds, distribution of fertilizers, pesticides, and agricultural implements to the farmers, and provide credit service to its members on demand. Thus, the capacity of cooperatives in the provision of services to its members is the most important factor for better-survival and performance of cooperatives.

Moreover, Antonio (1997) dictated that cooperative service is the major factor to achieve its goals of enhancing the cooperative and the potential of its members-cooperators for self-reliant growth and sustainable development.

Efficient cooperative societies have been also believed to provide services to its members such as marketing of agricultural produce of its members at reasonable price. For instance, well efficient and organized cooperative societies are with the objective of facilitating of marketing agricultural produce of its members at remunerative price besides distributing farm inputs to them advancing pledge loan on agricultural produce and undertaking the processing and adding value to the agricultural produce handled (USDA, 2005).

According to Yigrmew (1999) cited in Mesfin (2007), well organized and managed rural organizations such as cooperatives can provide very crucial services adequately and efficiently. Besides of this, Antonio (1997) described that credit service to members is the life blood of the cooperatives. This implies that the ability of cooperatives in the provision of basic services to its members could be considered as one of the indicators of performance of cooperatives.

There are also functions of cooperative marketing societies which have direct relationship with provision of services. Some of them are listed below.

a. Marketing of agricultural produce

The cooperative marketing societies performing the following two types of function: (i) providing agency service by making available the facilities like auction yards, drying facilities etc and facilitate the traders and farmer members to transact their business (ii) engaging in purchase, process and sale of agricultural produce. The processed products are also sold through consumer cooperative stores.

b. Linking of credit with marketing

Cooperative marketing societies enroll the borrowers of primary agricultural cooperatives as members and assist in the sales of the produces brought to the cooperative marketing society by the borrower member of the primary agricultural cooperative Banks. These efforts helped the primary agricultural cooperative Banks to recover loans besides assisting the farmers for selling their produce at remunerative price.

c. Linking of consumer cooperative stores with marketing

This enables the cooperative marketing societies to procure the farmers' produce, process it and sell it to the cooperative wholesale stores so that the wholesale stores get a quality product at reasonable price and the farmers also get good price.

d. Issue of produce pledge loan

During the peak harvesting season, farmers invariably resort to distress sale to meet their urgent need for cash. To protect the interest of such farmers, cooperative marketing societies provide produce pledge loan so that farmers are able to store the produce and dispose at latter date to get a better price.

Organizational capacity

According to Mesfin (2007), organizational capacity depicts the capability of the cooperative organizational systems in providing of different services to the farmers (members). In other words, organizational capacity indicates the capacity and ability of different executive cooperative committees to undertake the out lined duties.

According to Antonio (1997), most cooperatives should at least adopt the following working committees to execute the cooperative activities.

- a. Education committee: The committee is established for one program, to promote education to the cooperative membership and its staffs.
- b. Audit committee: Established for audit and controlling cooperative activities and pit falls.
- c. Election Committee: Members of this committee promote election of candidates.
- d. Credit committee: The most important committee facilitated in credit provision of members and revising of loans presented by members.

The Board of Director, which is supposed to be legislative in nature, is tasked to monitor and evaluate the operations of the cooperatives. An effective board is also a key ingredient in healthy and successful cooperative. When a board is less than fully effective, the problem can be traced to four causes-lacks of qualified and experienced individuals; inadequate or ineffective nominating procedures; conflicts between board and management; and absence of effective orientation and training (James, 2000).

Therefore, it can be said that organizational capacity is an important factor for better performance and survival of cooperatives.

Capacity building

In this case, capacity building is related to the provision of education and training to members, managers, staffs and other committees so as to enhance their enabling capacity and knowledge. In line with this, Pichai (2005) noted that the purpose of provision of education and training is to help members improve their performance problems, or by helping them to develop; hence, the system approach to education and training is therefore concerned with performance.

According to Tedodiso (2008), the growing of cooperatives also demand that they become responsive to the public, hence, they must provide education and training for their members, elected and appointed representatives, managers and employees. Moreover, cooperatives should train and educate its staff at all levels to make its operations and internal control mechanisms more effective and efficient (Antonio, 1997). This should move forward more commitment among the members. Thus, members' education and training is the key element in cooperative success and survival.

Therefore, for all education and training activities, it is essential there should be a clearly defined purpose; every body concerned management, learners and trainers should understand the intention of education and training to achieve better cooperative performance and development.

Livelihood

According to Togerson (1999), cooperatives can provide a range of social, economic and cultural capital for their members and their communities that might other organizations incapable of creating. That is, democratically organized cooperatives could present a potential for internalizing in to a community members, and health environment.

The ultimate goal of cooperatives is to improve living conditions of their members. For example, the purpose of starting of cooperatives is to augment their members' household income, plus the

cooperators to continue commitment to work for the organization (Antonio, 1997). In other words, if the cooperatives are not ultimately able to improve the living conditions of their members, the survival and sustainability of the cooperatives will be under question?

According to Helpdesk (2008), cooperatives should promote social as well as economic goals of their members and communities. Besides, cooperatives, as economic enterprises and as self-help organizations, play a meaningful role uplifting the socio-economic conditions of their members and their local communities (<http://www.imf.org/ententat> pubs). Moser (1996) also indicated that higher income, improved food security, and decreasing vulnerability are considerable in sustainable livelihoods of cooperative members.

Job-creating opportunity

Well performing cooperatives could induce an employment either self-employment for their members or who not necessarily cooperative members. In line with, Moser (1996) noted that cooperatives create jobs across the World. Similarly, Apredini (2001) depicted that one of the objectives of forming cooperatives is to promote employment.

Because cooperatives are worker-controlled rather than corporate or absentee-owner controlled, it is more likely the business will stay where the workers live and retain jobs in the community. With this understanding, Gelb (1983) stated cooperatives could provide greater flexibility for job retention during recessionary periods.

Moreover, when cooperatives are structured properly and have sufficient inputs of production, they provide better job quality (Ellerman, 1984). Cooperatives improve job quality mainly by increasing the job responsibility of their members and developing self-management skills. However, because workers share in profits, they can be more than incomparable private firms assuming the cooperative is profitable (Carla, 1991).



3.1.5 Factors that could possibly affect performance of cooperatives

Multipurpose cooperatives, where producer-owners have more heterogeneous investment interests are subject to the portfolio problems-investments from the common resource pool may benefit one group of owners more than or at the expense of another's (Micheal, 2001).

On the other hand, there is a great deal of literature available discussing the internal and structural conditions that affect the relative success or failure of cooperatives (Helpdesk, 2008). This reflects a seeming growing concern with maximizing the potential of cooperatives contributing to poverty reduction goals (ibid).

Some successful cases of cooperatives increasing poor people such as to markets accessibility, provision of different services to their member improving to living conditions of to their members etc are widely cited in different literatures. Nevertheless, cooperatives face real challenges affecting their performance in the form of over-control and regulation by government, limited access to credit, inability to scale up their activities; and inability to penetrate markets, etc (Helpdesk, 2008). Likewise, Assefa (2005) noted that lack of cooperatives' access to engagement with markets, donors or governments infrastructures, distribution networks, communications technologies; storage or support tax incentives for large-scale buyers to trade with cooperatives are some of the factors affecting the development of cooperatives.

However, it should be noted that some of the failures of the cooperatives performance indicators in achieving the cooperatives goals could also be considerable as factors affecting the performance of cooperatives.

Less specifically, the following factors are commonly associated with the success or failure of cooperatives, particularly in Less Developed and Developing Countries.

Government control (Regulation)

Cooperatives are democratically- controlled, for profit business organizations whose members make equitable contributions to capital. They are normally operated on the principles of "one member- one vote" and benefits are distributed in proportion to the contributions of individual

members. Hence, cooperatives are autonomous organizations having their own bylaws enabling them to promote their cooperative activities. Therefore, undue government intervention with its policies and attitudes without considering the cooperative principles could affect negatively the development and performance of cooperatives.

With regard to the above, Assefa (2005) stated that emerging from domination by repulsive government has been a major challenge for cooperatives in many developing countries. While government support in some genuine and holistic approach can be helpful, government should avoid overregulation; and cooperative autonomy is positively associated with success (ibid).

According to Helpdesk (2008), the role of government in relation to cooperatives should be concerned with the following duties:

- a. To provide a conducive policy and legal environment
- b. To facilitate access to support services
- c. To provide oversight of cooperatives in ways which respect their autonomy
- d. To ensure they enjoy equal treatment with other types of enterprises
- e. To develop partnerships with cooperatives

Moreover, Ignance (2004) described that a government's posture (attitude and policy) influences the formation and success of cooperatives. However, government support might take the form of enabling legislation, characterizing services and open access to commodities and markets (ibid). Therefore, a danger to be avoided is too much government involvement which becomes intervention and negates the private and voluntary nature of the cooperative.

Cultural norms

Traditional societies have structures and practices including management procedures and behavioral norms that can have both positive and negative impacts on self-help and cooperative enterprises (USDA, 2005). Thus, it is necessary to be aware of both positive and negative traditional values and norms that might facilitate or impede the formation and success of cooperatives. They are normally associated with attitudes and perception of people. Cultural

norms often are slow to change (Baker, 1995). Therefore, assessing cultural norms could be considered as important factor for success or failure of cooperatives.

Marketing

According to Assefa (2005), cooperatives in Ethiopia have been failed without a market-driven approach that allows them to complete. That is, cooperatives need to achieve a competitive advantage through professional management, operational and financial efficiency, high quality products, and competitive pricing to increase the cooperatives performance.

Cooperatives should be judged by the same economic and other standards as any other type of enterprise. They should meet the tests of the market place in their operations (Ignance, 2004). The economic effect of any subsidies should be carefully weighted; and barriers against market entry of cooperatives should be considered to evaluate the success of cooperatives (ibid).

Besides, Tesfaye (2005) stated that improved marketing strategies are needed to maximizing members' dividends and members' supply to the cooperatives up on request. Hence, marketing issues are importantly to be assessed, because they could affect provision of basic services, profitability and sustainability of cooperatives. In other words, when there is more marketing interaction among members and their cooperatives, and external areas, the sense of ownership by the members will be greater. Therefore, it can be realized that marketing is the conscious effort to achieve desired exchange out comes of cooperatives with target market areas.

Financial aspects

According to USDA (2005), cooperative financial institutions are: (a) multipurpose cooperatives associations that include savings and credit functions; and (b) credit unions and savings, and credit cooperative organizations. The rights and privileges of ownership of cooperative credit financial institutions are based on the one person-one vote principle, and management is exercised by members-owners.

Many cooperatives in developing countries have low levels of member financing (FAO, 1995). Yet, with government and donor- financing to the cooperatives sector declining and with

commercial bank financing of the cooperatives still in its infancy. Thus, raising sufficient finance (capital) of cooperatives is becoming an important issue in most developing countries. With this regard, Carla(1991) stated that although small business in developing countries often suffer from low financing, the cooperative structure creates even greater difficulties. Hence, to say a cooperative is performing well, its financial raising capacity has to be assessed (ibd).

However, realizing the low financing nature of cooperatives in most developing countries, some donors and governments are struggling for financial support for cooperatives as start-up capital to cover certain recurrent or operational costs of partner organizations and to finance out reach activities or net working (Develtrg, 2004). But, this support can be very technically diverse and serves a variety of purposes.

Despite technically diverse, increasingly cooperatives development agencies use new instruments such as revolving funds, equity capital or guarantees (Develreg, 2004). Hence, many cooperative agencies have stated reflecting on the consequences of the different types of financial support given to local cooperative and cooperative structures. However, Graham (2005) argued that the net result of these “easy money” policies often led to dependencies which actually undermined rather than strengthened cooperative self-financing capacities and member service orientation, business efficiency. But now that external sources of funding are drying up; these weakened cooperatives must learn how to survive on their own (ibd). Therefore, a cooperative must raise financial source (equity capital) at all for long-term survival.

Management

A competent, dedicated manger or management team often is the single most important factor predicting success or failure for cooperative. The management approach and style must be compatible with the local environment (USDA, 2005). Thus, ultimate success in cooperative building requires that management be subordinated to members and be reviewed by members or their chosen representatives.

James (2000) described the connecting link between members and hired management is an extremely important body in the make up of cooperative. Moreover, Pichai (2005) stated that

management in cooperatives is one of the most important aspects of a cooperative which is entitled in facilitating and organizing of different cooperative activities. So, it can be said managerial and director attitudes can be fundamental to what cooperative values are privileged.

Therefore, management is the most important development instrument that should be used by cooperatives in the creation of favorable institutional and legal frameworks for cooperative development.

Perception and attitudes of members

Here, perception and attitudes are meant in relation to the mentality and beliefs of people that might restrain or promote the cooperatives development. Thus, perception and attitudes of people (members) towards cooperatives are the most crucial factors for cooperatives to succeed or to fail.

With regard to the above, Beucheler (1995) described that restraining attitudes of members towards to the basic cooperative principles of user-ownership, user-control, and user-benefit and their ties to democratic relations could hinder the door to the “other logics of action” that characterize the new movement of cooperatives. This could indicate that perceptual attitudinal aspects of people (members) provide the possibility of “restraining” or “encouraging” of cooperatives development or performance. Moreover, Mesfin (2007) noted that in order to ensure enhanced cooperative performance, perception is one of the crucial factors.

Measuring (knowing) of perception and attitudes of members is difficult. However, perception and attitudes of members could be evaluated with the opinions of the members regarding their membership with statements describing the cooperative activities and related issues by asking “agree” or “disagree” (Della, 2004).

3.2 Cooperatives in Ethiopia

Modern form of cooperatives started in Ethiopia during the ruling era of Emperor Haileselassie I. In 1960s, the first legislative called " Farm Workers Cooperatives Decree" was declared as Decree No.44/1960 (Veerakumaran, 2008). The objectives needed to enact this decree were:

- To accelerate the development of the agricultural economy of the country
- The organization of cooperative enterprise was believed to be as it can contribute measurably to this end
- It was also found necessary that the proper framework be created for the establishment of such cooperative enterprises

Even though the cooperative activity was started with the implementation of the above mentioned objectives in legal basis, it had the following shortcomings.

- Lack of awareness by different governmental institutions
- The support given by the government was very low and the result is also very low (performance was only 4 coops out of 20 plan)
- Since there was no other supportive laws to cooperatives, it was difficult to solve horizontal problems faced by the cooperatives
- The existing land tenure system was the main hindering factor for stunted cooperatives development (especially for the peasant farmers)

As the result of the above problems, a cooperative society Proclamation No.241/1996 was to come to effective with consideration of previous Decree's shortcomings. By the end of the second five year development plan (1963-1967), 14 cooperative societies (of which 12 in agriculture) were established and registered (Veerakumaran, 2008). Despite these achievements, the program was hindered by the shortage of trained cooperative personnel and lack of credit facility (ibid). When the third five year development plan was launched (1968-1973), it again is stressed the creation and expansion of cooperative societies and designed to encourage community self-reliance. During this plan period at least 300 new cooperative societies were supposed to be established and registered.

Though various efforts were made to expand the cooperative movement in the country, the development was not as much as anticipated due to the following reasons:

- The oppressive land tenure system and the domination of feudal land relationship in the rural areas
- Inadequate trained manpower to promote the development of cooperative ideas, organization management
- Lack of efficient marketing system that is characterized by low price of farm products and high price of inputs coupled with poor transport facilities

At the end of the plan year, however, the numbers of agricultural cooperatives established in the country were 50, having a membership of about 11,000 and a capital amounting of 6 million (Rahmato, 2002). The establishment of agricultural producers' cooperatives also led to tenure insecurity for the non-members, i.e., the majority of the peasants who did not belong to the cooperative society (Hussien, 2004). In some cases, where fertile land was held by small holders was needed for cooperative farming.

Cooperatives were somehow active during the Dergue Regime from 1974 to 1991 (Tesfaye, 2005). However, the activities of cooperatives during this regime were completely different from those of Western type cooperatives because they were based on Marxist principles. The government claimed that the objective of cooperatives was "to bring an end to capitalist exploration, and to prevent the re-emergence of capitalism in agriculture (Desalegn, 1990).

Table 3.1 Rural cooperative organization in the Dergue Regime in 1988/89

Cooperative organization	No	Household members (in million)
Peasant associations	20,455	5.7
Producers' Cooperatives	3,732	0.3
Service Cooperatives	4,052	4.5

Source: Desalegn, 1994

As indicated in the above Table, there were two types of cooperatives in rural areas: Producers' Cooperatives and Service Cooperatives. Membership was obligatory farmers (Kodama, 2007).

Although producers' Cooperatives benefited members by providing preferential treatment, which had been largely unavailable to small holders, the productivity of Producers' Cooperatives was one-third lower than that of private farmers (Desalegn, 1994). Service cooperatives were marketing and purchasing cooperatives that handled modern inputs, credit, milking services, selling of consumer goods, and purchasing peasant produce (ibid). Although peasants welcomed the services provided by Service Cooperatives, most these organizations suffered from budgetary deficits and poor financial management (Fantu, 1990).

The agricultural marketing corporation, which was established in 1976, was authorized to set prices, assign quotas and buy grain from different rural sectors and supply agricultural inputs to the farmers (Alemenew, 2005). To this effect, the small holders were obliged to sell certain amount of their grain production, as the per the quota imposed on them to the surrounding service cooperatives at fixed lower price determined by agricultural marketing cooperatives (Hussein, 2004). In this way, the Dergue's marketing and pricing policy has contributed to the erosion of the anticipation that peasants would be free to enjoy the fruits of their labor.

Cooperatives during the Dergue Regime were facing with many problems. According to Veerakurman (2008), cooperatives were facing with organizational, operational, leadership as well as production and distribution problems. Besides, in a situation where member's participation was so passive and leadership appointed by the political cadre, wastefulness and embezzlement were inevitable (ibid). Moreover, the main causes of problems were attributed to excessive governmental intervention, as well as too much dependence on communal traditions of cooperatives (Kodoma, 2007).

During the fall of Dergue Regime, most of the multipurpose cooperatives had been looted and dismantled even by their members (Desalegn, 1994). Due to this fact, some of the properties, money and documents were taken and destroyed. Even though cooperative values and principles were violated by the cooperative movement of that period, there were some positive contributions to the cooperative development of Ethiopia (Kodama, 2007). As the result, the country witnessed expansion and promotion of different types of cooperatives. Cooperative activities under the Dergue regime were halted in 1990.

After the fall down of the Dergue Regime in 1991, the current Government came to power and declared economic liberalization. During the confusion of the transitional period, some service cooperatives were looted and vandalized by local people for their assets whereas others scaled down their activities due to severe competition with private traders after the liberalization (Kodama, 2007). Thus, there was a gap in the cooperative movement of Ethiopia between 1991-1995. This gap was created due to the fact that the Government's attention was mainly drawn towards stabilizing, bringing peace and creating administration organs (Veerakurman, 2008).

Then after, as part of long-term growth and development strategy, the Government of Ethiopia has assigned a central role to rural cooperatives in improving smallholders' productivity and promoting smallholders' commercialization (Rahmato, 2002). Hence, since the late 1990s, cooperative activities have been encouraged again, despite bitter experiences during the socialist regime.

The society to be established under the Proclamation No.85/1994 has the following objectives:

- To improve the living conditions of members by increasing production and productivity
- To promote self-reliance among members
- To solve problems collectively which a peasant can not personally achieve
- To make members obtain modern technologies products which are capable to increase agricultural production

A proclamation No.147/1998 is to provide for the establishment of cooperative societies had been also declared by the Federal Government to bring all types of cooperative societies under one umbrella. As a result, some improvements have been seen in cooperative societies in the country (Tesfaye, 2005). Cooperative societies started to:

- distribute inputs
- provide loan to their members
- market member products in the domestic and foreign market
- dividend payments are made by primary cooperatives as well as the unions



Proclamation No.147/1998 outlines the layered organizational structure of the cooperatives, which was not permitted by the previous regime. The cooperative organizational structure can have four layers, i.e., primary cooperatives, unions, federations, and cooperative leagues, although only primary and union levels formed to date (Tesfaye, 2005). Another unique feature of the Proclamation is that it defines the ratio of dividends between a cooperative organization and its members. Article 33 of No.148/1998 regulates that the cooperative society shall deduct 30% of the net profit and the remaining 70% of net profit shall be divided among members. The Proclamation defines cooperatives as organizations "formed by individuals on voluntary basis" and states they "participate in the free market economic system" (Alemenew, 2005). This indicates the different nature of the new cooperatives from the system of the previous regime.

The number of primary and secondary cooperatives of different types with significant increase in numbers of beneficiaries has been also achieved. For example, there are about 5,104 numbers of multipurpose cooperatives with about 3,687,737 members and around 347.36 million capital as of 2008 (Veerakurman, 2008). Having said this, it should be reiterated here that the national cooperative promotion effort is presently at interim phase of development.

Therefore, cooperatives are closely tied to many of these organizations and institutions. For example, cooperatives play an important role as interfaces between farmers and the various Woreda level offices and services for Regional Bureaus of Agriculture and Rural Development (Tunguy, 2008). Thus, cooperatives may be viewed as a relevant partner to the wider development community and a potentially useful means of meeting the Government's goals of increasing smallholder production and commercialization. In connection to this, Rahmato (2002) noted that at present, cooperatives are expected to play a central role in providing smallholders with access to inputs (seed, fertilizer and credit). This links cooperatives to extension services provided at the Kebele level.

The cooperative movement in the country, however, faced a number of problems in the different economic systems of the country. Most of the cooperatives do not have professional managers (Tesfaye, 2005). The viability of the cooperative is not always ensured due to low organization, technical supports and follow up by the concerned bodies (Veerakurman, 2008). Lack of long-

term credit hinders the investment of cooperatives in different projects that would have economic benefit to members (Hussein, 2004). The members' economic and/ or financial power to strengthen their cooperative societies is very weak (Kodama, 2007).

CHAPTER IV

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

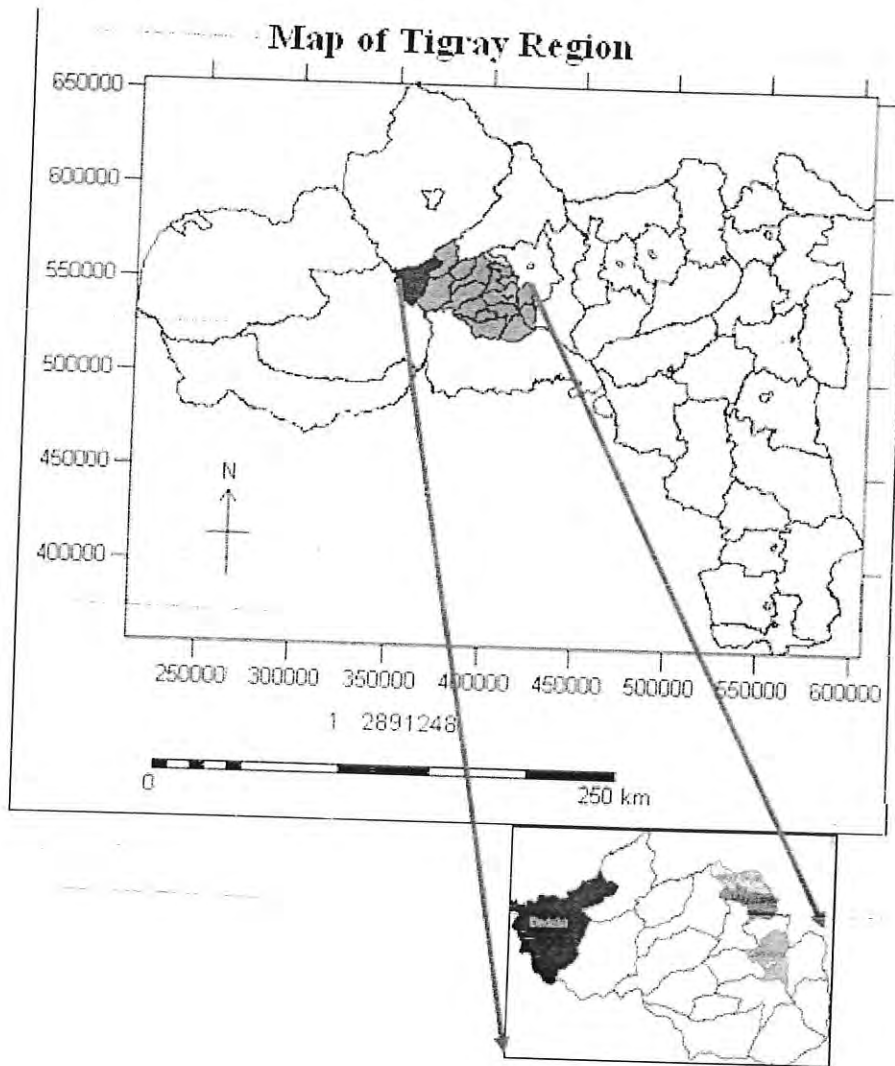
4.1 Brief description of the study area

Asgedetsimbla Woreda is found in the North Western of Tigray Region. The Woreda is located about 335 km far from the capital of the Region, Mekelle. It is bounded in the East by Medabayzena Woreda, in the North by Laelayadyabo Woreda, in the West by Tselemiti Woreda, and in the South by Tahitaykuraro Woreda.

According to the WOFED stastical abstract (2007), the Woreda has an estimation population of 130,317 of which about 88.3% of them live in rural areas and 11.7% of them in urban areas; and males share 51% and females 49%. The average density of the population is 81.5 persons per square km. The people in the Woreda are dependent on subsistence agriculture of mixed farm (both crop production and raring animals).

The cooperatives programs and activities are undertaken through the support of Cooperative Promotion Office of the Woreda. Based on the data obtained from WARDO (2007), so far, there are 19 primary multipurpose cooperatives, 9 irrigation, 1 Saving and Credit, 2 construction cooperatives. Concerning members of the cooperatives included, 110 in irrigation, 169 in Saving and Credit, 30 in construction, 4,755 in primary multipurpose cooperatives.

Fig. 4.1. Map showing the study area



4.2 Profile of the respondents

Table 4.1 Educational status of the respondents

Educational Status	Male	Female	Total	Percent
Illiterate	111	19	130	92.9
Read and write only	8	1	9	6.4
1-4	1	-	1	0.7
5-8	-	-	-	-
9-12	-	-	-	-
Above 12	-	-	-	-
Total	120	20	140	100

Source: survey data, 2008

Regarding the educational status of the respondents, it was found that 92.9% of them were illiterate, and 6.4% of them were those who read and write only without attending formal school education. Only one person (0.7%) of the respondents had some primary education of 1-4 grades. From the above data analysis, it can be generalized that the educational background of the cooperative members is poor.

Table 4.2 Main occupation of the respondents

Occupation type	Frequency	Percent
Farming	132	94.3
Trade	-	-
Both Farming and trade	8	5.7
Others	-	-
Total	140	100

Source: Survey data, 2008

The survey result reveals that the majority (94.3%) of the respondents are engaged in agricultural (farming) related activities as their main occupation while the remaining 5.7% are engaged in both farming and trade related activities.

The survey result indicated the cooperative members depend on agriculture and related activities for their livelihoods implying that Primary Multi purpose Cooperatives are strategically important for livelihoods of members as they are directly interrelated with the farming activities of the cooperative members, particularly in the provision of agricultural services.

4.3 Performance of the farmers' primary multipurpose cooperatives

4.3.1 Provision of agricultural inputs

Agricultural inputs include: Fertilizer, Improved seeds, Agricultural technology inputs, and Agricultural chemicals.

Fertilizer supply

As indicated in the literature, one of the objectives of cooperatives, particularly rural cooperatives such as multipurpose primary farmers' cooperatives is to provide basic services such as fertilizer supply to their members. Thus, the capacity of the cooperatives in the provision of fertilizers to their members based upon the demand of the members could indicate the status of the cooperatives' performance. Having this, assessment was undertaken in relation to the cooperatives capacity in provision of fertilizer compared with the members demand.

Table 4.3 Members' demand for and supply of fertilizer by cooperatives

Year	Fertilizer (in Quintal)	Cooperatives				
		Lemlem	Dedebit	Mayferes	Maysiye	Average total
2004	Members' demand	334	367	482	362	1545
	Cooperatives' supply	99	137	167	132	535
	Deficit	235	230	315	230	1010
	% deficit	237.4	167.9	188.6	174.2	188.8
2005	Members' demand	384	439	544	454	1821
	Cooperatives' supply	134	184	204	154	676
	Deficit	250	255	340	300	1145
	% deficit	186.6	138.6	166.6	194.8	169.4
2006	Members' demand	616	706	871	806	2999
	Cooperatives' supply	246	376	411	256	1289
	Deficit	370	330	460	550	1710
	% deficit	150.4	87.8	111.9	214.8	132.7
2007	Members' demand	626	731	891	876	3124
	Cooperatives' supply	211	336	376	231	1154
	Deficit	415	395	515	645	1970
	% deficit	196.7	117.6	137	279.2	170.7
2008	Members' demand	1185	1500	1790	1300	5775
	Cooperatives' supply	586	855	847	572	2860
	Deficit	599	645	943	728	2915
	% deficit	102.2	75.4	111.3	127.3	101.9
Total	Members' demand	3145	3743	4578	3798	15264
	Cooperatives' supply	1276	1888	2005	1345	6514
	Deficit	1869	1855	2573	2453	8750
	% deficit	146.5	98.3	128.3	182.4	134.3

Source: WARDO cooperatives evaluation report, 2008 and own computation

The above Table indicates the capacity of the cooperatives in the provision of fertilizer to their members. Here, fertilizer includes both UREA and DAP. Hence, fertilizer in this case is the summation of UREA and DAP for both cooperatives supply and members' demand-sides.

For this case, fertilizer deficit = Cooperatives fertilizer supply –Members’ demand; and

$$\text{Deficit by \%} = \frac{\text{Cooperatives fertilizer supply} - \text{Members demand}}{\text{Cooperatives fertilizer supply}} \times 100$$

As indicated in the Table, the cooperatives fertilizer supply and members’ demand is not balanced. That is, the cooperatives fertilizer supply for the different years is lower than the members’ fertilizer demand. In other words, there is a deficit in the supply sides of the cooperatives compared to the demand sides of the members. Therefore, the cooperatives have not been able to provide sufficient fertilizer to their members based on the demand of the members. To make it specific, the cooperatives fertilizer supply versus members’ demand is illustrated below.

Table 4.4 Total members’ demand for and Supply of fertilizer by cooperatives

Fertilizer (in quintal)	Year					
	2004	2005	2006	2007	2008	Total
Members’ demand	1545	1821	2999	3124	5775	15264
Cooperatives’ supply	535	676	1289	1154	2860	6514
Deficit (Qt)	1010	1145	1710	1970	2915	8750
Deficit by (%)	188.8	169.4	132.7	170.7	101.9	134.3

Source: WARDO cooperatives evaluation report, 2008 and own computation

Deficit by (%) was computed as $\frac{\text{Cooperatives fertilizer supply} - \text{Members’ demand}}{\text{Cooperatives fertilizer supply}} \times 100$

Cooperatives fertilizer supply

Having this, the cooperatives capacity in the provision of fertilizer to their members was analyzed. The data analysis showed that the cooperatives have not been in situation to provide adequate fertilizer supply to their members’ demand.

Looking at the above Table, there has been large gap (deficit) between the cooperatives fertilizer supply and members’ fertilizer demand. When seen deficit by percentage, the cooperatives fertilizer supply has been very smaller than the members demand for the years under

consideration. These figures indicate the cooperatives have not been able to cover even half of the members' fertilizer demand for the last five years. Thus, the cooperatives are in poor trend in supplying of fertilizer to their members.

Having the above situation, a survey was undertaken to know the sufficiency of fertilizer supply by the cooperatives to their members.

Table 4.5 Members' response towards sufficiency of fertilizer

Particulars	Frequency	Percent
More than sufficiency	—	—
Sufficient	15	10.7
Not sufficient	125	89.3
Total	140	100

Survey data, 2008

The above Table shows the survey respondents response towards the sufficiency of fertilizer supplied by their cooperatives. Accordingly, the survey finding revealed that only 10.7% of them replied the supply of fertilizer by their cooperatives is sufficient; while the majority of 89.3% of the respondents declared not sufficient. This could also indicate there is a shortage of fertilizer supply by the cooperatives compared with the members fertilizer demand.

Focus group discussion and key informants interview was also undertaken in relation to the fertilizer supply and members' demand. The result obtained from both sides indicated that the fertilizer supplied by the cooperatives and members demand has not been balanced since the cooperatives establishment. That is, the capacity of the cooperatives fertilizer supply has been by large smaller than the members' fertilizer demand which is also consistent with the data analysis and survey findings.

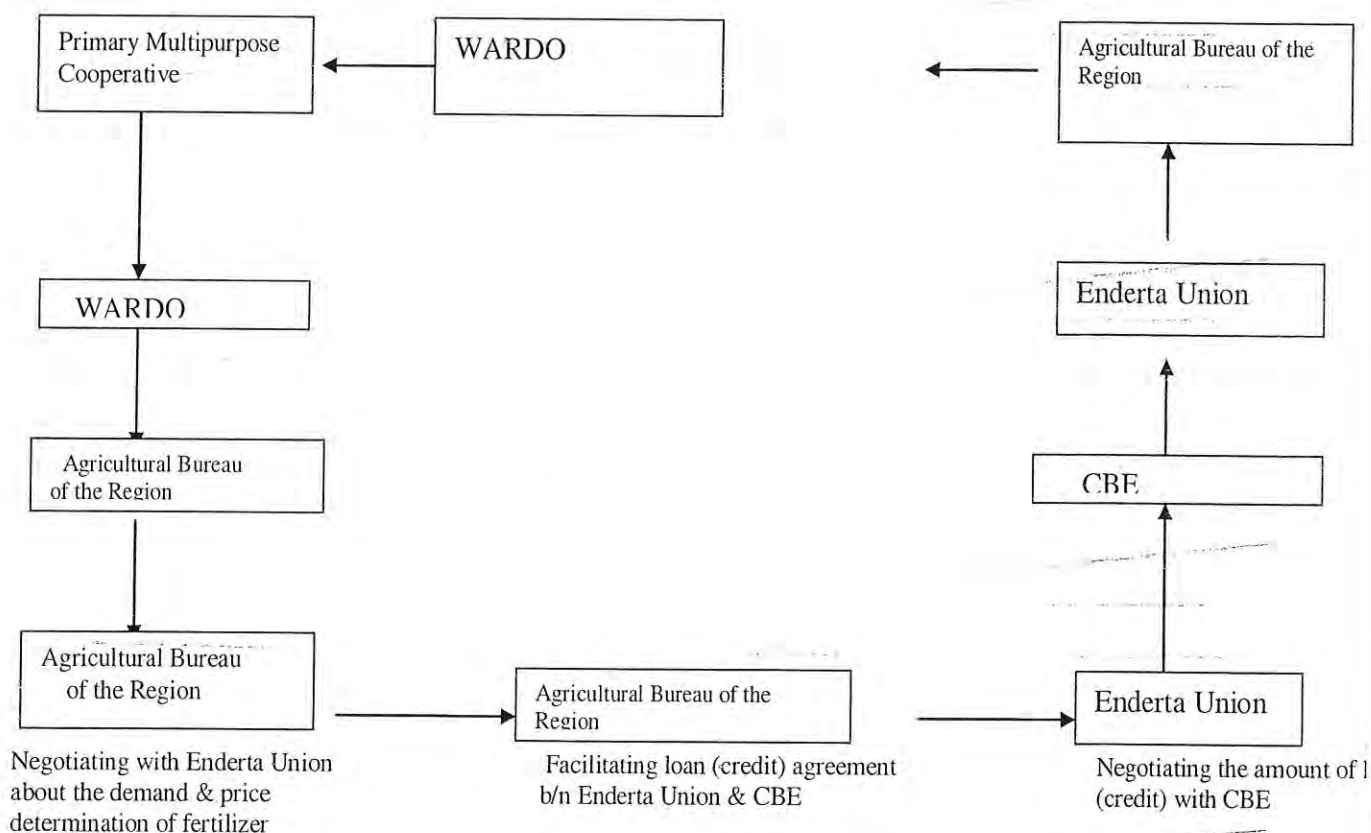
Different reasons were raised for the low supply of fertilizer by the cooperatives. One of the reasons was associated with the absence of union cooperatives in the Woreda and near by areas. This created gap in the facilitation of timely fertilizer purchasing and provision of credit service

to the cooperatives. The only cooperative union which has supplied fertilizer for the cooperatives is 'Enderta Union which is located about 335km far from the study area. Thus, due to the absence of union cooperatives in the Woreda, the cooperatives have not been able to supply adequate fertilizer to their members. They couldn't also create capital or finance so as to supply adequate fertilizer to their members. Even under the low supply of fertilizer by the cooperatives, due to the location of the 'Enderta' Union there is frequent delayance of fertilizer distribution by the Union.

Another reason is related to issue with self-reliant of the cooperatives. In other words, the cooperatives have been finically subsidized by the Regional Government through revolving fund. Meaning, the cooperatives have not been able to supply fertilizer to their members using their own financial resource. For example, according to the WARDO cooperatives evaluation report (2008), the cooperatives have not been able to cover more than 10% of their own finance to purchase fertilizer since they have been established. That is, about 90% of the total cost for purchasing fertilizer has been covered by government through revolving fund.

Moreover, the long process in purchasing of fertilizer from 'Enderta' Union has its own influence on timely delivery of fertilizer by the cooperatives. That is, there are different organizations involved in the purchasing process of fertilizer. In this case, WARDO, 'Enderta' Union, CBE and Agricultural Bureau of the Region are important organizations involved in the purchasing process of fertilizer by the cooperatives. For further detail, see Fig. 4.2.

Fig. 4.2 Fertilizer purchasing process of the cooperatives



Source: Own creation

Source: WARDO cooperative evaluation report 2008, and key informants

The above figure shows the purchasing process of fertilizer the primary multipurpose cooperatives from the Enderta Union where different organizations are also involved in facilitating the process. As indicated in the above Figure, the cooperatives send their fertilizer demand via WARDO to the Agricultural Bureau of the Region. Then, the Agricultural Bureau of the Region by determining the price and total cost of fertilizer facilitates the loan agreement between Enderta Union and CBE. Reaching at agreement between the Enderta Union and CBE, the Agricultural Bureau of the Region sends the fertilizer quota given by Enderta Union to the WARDO to be distributed to the cooperatives where the cooperatives, in turn, also distribute to their members.

Supply of improved seeds

According to Tesfaye (2005), farmers who use improved seeds are more productive than farmers who do not. However, Tesfaye also noted that due to reasons such as low supply and high prices, most farmers in Ethiopia could not use such seeds

Attempt was made to assess the capacity of the cooperatives in provision of improved seeds versus the members' demand.

Table 4.6 Members' demand for and improved seeds supply by cooperatives

Year	Cooperatives					
	Improved seeds in quintal0	Lemlem	Dedebit	Mayferes	Maysiye	Total
2004	Members' demand	93	89	58	220	460
	Cooperatives' supply	13	8	2	2	25
	Deficit	80	81	56	218	435
2005	Members' demand	182	144	120	257	703
	Cooperatives' supply	47	15	3	4	69
	Deficit	135	129	117	253	634
2006	Members' demand	254	251	201	297	1003
	Cooperatives' supply	77	-	4	5	86
	Deficit	177	251	197	292	917
2007	Members' demand	527	320	298	354	1499
	Cooperatives' supply	221	-	32	59	312
	Deficit	306	320	266	295	1187
Total	Members' demand	1056	804	675	1128	3663
	Cooperatives' supply	358	23	41	70	492
	Deficit	698	781	636	1058	3171

Source: WARDO cooperatives evaluation report, 2008 and own computation

For this case, deficit = **Cooperatives supply- Members' demand**

The above Table illustrates the cooperatives improved seeds supply versus members' demand. The cooperatives supply is absolutely incomparable with the members' demand. As the Table indicates, the members' demand towards the improved seeds has been by large greater than the

cooperatives supply for the years considered. Thus, though the members' demand has been in increase trend, the cooperatives couldn't able to supply improved seeds based on the members' demand.

Table 4.7 Members' demand for and improved seeds supply by cooperatives

Improved seeds (in quintal)	Year				
	2004	2005	2006	2007	Average total
Members' demand	460	703	1003	1499	3665
Cooperatives' supply	25	69	86	312	492
Deficit	435	634	917	1187	3173
Deficit by (%)	1740	918.8	1066.3	380.4	644.9

Source: WARDO cooperatives evaluation report, 2008 and own computation

$$\text{Deficit by (\%)} = \frac{\text{Cooperatives supply} - \text{Members' demand}}{\text{Cooperatives supply}} \times 100$$

The above Table shows the total cooperatives improved seeds supply and members' demand for the study cooperatives. It is derived from Table 4.6. The data analysis showed there has been a large deficit of improved seeds comparing with the members' demand. The above data analysis indicates the cooperatives supply of improved seeds to their members was very small comparing the members' demand.

A survey was also conducted aiming to know how many of the members use improved seeds from their cooperatives.

Table 4.8 Members' use of improved seeds in the year 2007

Particulars	Frequency	Percent
Yes	17	12.1
No	123	87.9
Total	140	100

Source: Survey data, 2008

The above Table shows the survey respondents' response towards use of improved seeds from their cooperatives. Accordingly, the survey finding indicated that very few members were able to use improved seeds from their cooperatives whereas the majority of the respondents didn't. As it is shown in the Table, only 12.1% of the respondents got some amount of improved seeds from their cooperatives in the year 2007 while the majority of 87.9% didn't. Thus, the survey data finding was consistent with data analysis of Table 4.6 and Table 4.7 indicating that the cooperatives are very poor in supplying of improved seeds to their members.

Moreover, findings from focus group discussion and key informants indicated that the cooperatives are unable to supply improved seeds based on the request of their members. Besides, the result from both sides showed that the cooperatives have not started distributing of improved seeds to their members as a regular duty. Nevertheless, sometimes the cooperatives purchase small amount of improved seeds from agricultural office of the Woreda and distribute to their members.

Though the cooperatives are unable to distribute adequate improved seeds due to financial shortage, the supply of the improved seeds by the agricultural office of the Woreda is also small that could not cover the demand of farmers. Likewise, non-member farmers have also an equal access to purchase improved seeds from the agricultural office of the Woreda though priority is given to the cooperatives.

The cooperatives distribute the improved seeds to their members based on some criteria. One criterion is based on interest of farmer members. That is, farmers who are voluntary and to afford

the seeds with the existing price are identified. Then, the cooperatives distribute to the members using lottery since the quantity amount of the improved seeds is small.

Agricultural chemical inputs

Agricultural chemical inputs are chemicals which kill different crop diseases, particularly used during infestation season.

The survey respondents were asked whether they get agricultural chemicals from their cooperatives or not. Accordingly, all of the respondents replied that they have never taken agricultural chemicals from their cooperatives so far.

In relation to this, focus group discussion as well interview with key informants was also held. The finding from both particulars revealed the cooperatives have not engaged in purchasing and distributing of agricultural chemicals to their members so far. Besides, a question was asked to agrochemical experts working in agricultural office of the Woreda and executive committees why the cooperatives have not involved in purchasing and distributing of agrochemicals to their members: With this regard, some reasons were raised. One reason was that the cooperatives are facing many problems by now such as lack of capital. Another reason was also lack of professional workers in the cooperatives such as agrochemical experts. Because of this, purchasing agrochemical inputs and distributing to their members is not recommendable and profitable to the cooperatives.

Moreover, the key informants emphasized that it is not allowed for primary cooperatives to be involved in purchasing and distributing of agrochemicals because professionalism of agrochemicals in cooperatives is crucial. In fact, the idea of the key informant was also supported by cooperative members and executive committees during interview undertaken at field work. In any case it can be said that the cooperatives are totally poor in provision of agrochemical inputs to their members.

Agricultural technology inputs

These inputs are mainly concerned with irrigation purpose that the members anticipate the inputs will increase their agricultural production. For this study, the main types of agricultural technology inputs include: Treadle pump, Motor pump, and Drip irrigation.

Treadle pump: It is a type of technology input used for irrigation purpose covering in small area usually manipulated manually.

Motor pump: It is a type technology input used for irrigation purpose covering sizable farmland operated by engine or machine.

Drip irrigation: It is a type of technology input used for irrigation purpose in a specific area where crops grown and applied the water to the crop as drip and is water saving input.

With regard to these inputs, the capacity of the cooperatives in provision of the inputs was evaluated based on the cooperatives supply of these inputs compared with members demand.

Table 4.9 Members' demand for and technology inputs supply by cooperatives

Inputs	Year							
	Inputs	Unit	2004	2005	2006	2007	2008	Total
Treadle pump	Members' demand	No	102	178	130	152	180	742
	Cooperatives' supply	No	7	41	1	12	10	71
	Deficit	No	95	137	129	140	170	671
	Deficit	%	1357.1	334.1	12900	1166.7	1700	945.1
Motor pump	Members' demand	No	105	183	154	16	18	48
	Cooperatives' supply	No	7	6	1	204	217	863
	Deficit	No	98	177	153	188	199	815
	Deficit	%	1400	2950	15300	1175	1105.6	1697.9
Drip irrigation	Members' demand	No	98	105	210	225	17	814
	Cooperatives' supply	No	-	-	-	5	6	11
	Deficit	No	98	105	210	220	170	803
	Deficit	%	9800	10500	21000	4400	2833.3	7300
Total	Members' demand	No	305	466	494	581	573	2419
	Cooperatives' supply	No	14	47	2	33	34	130
	Deficit	No	291	419	492	544	539	2289
	Deficit	%	2078.6	891.5	24600	1648.5	1585.3	1760.8

Source: WARDO cooperatives evaluation report, 2008 and own computation

For this case, deficit = Cooperatives supply-members demand, and

Deficit by (%) = cooperatives supply-members' demand × 100

Cooperatives supply

The above Table indicates the different types of agricultural technology inputs supplied by the cooperatives and members' demand for the different years. As it is shown in the Table, the cooperatives supply of the inputs has been absolutely small when compared with members' demand.

Being in this situation, the cooperatives were not even able to supply some of the inputs continuously to their members while the members' demand increased. Meaning, there was interruption in the provision of some the inputs. As shown in the Table, the cooperatives have ceased in provision of drip irrigation for the years 2004, 2005, and 2006 while the members' demand for this input has increased. In another words, the cooperatives supply of these inputs had no consistency even being the cooperatives in poor situation in provision of the inputs to their members.

These figures indicate the cooperatives have not been able to cover even half of the demand of their members for the different years implying that the cooperatives are poor in provision of the agricultural technology inputs to their members.

Having the cooperatives in the above situation, a survey was carried out in relation to the agricultural technology inputs accessibility of members. The survey finding is illustrated by the following Table.

Table 4.10 Members' accessibility to agricultural technology inputs

Particulars	Frequency	Percentage
Yes	11	7.9
No	129	92.1
Total	140	100

Source: Survey data, 2008

The above Table shows the survey respondents response towards the accessibility of agricultural technology inputs. The survey data indicated that very few cooperative members had an access to either of the agricultural technology inputs while the majority of the cooperative members had no access to either of the inputs.

Accordingly, only 7.9% of the respondents replied that they get either of the inputs whereas the majority which is 92.1% of the respondents said that they have no an access to either of the inputs. Thus, the survey finding also indicated that only very few cooperative members were able to get one of the inputs implying that the cooperatives are not in situation to supply adequate agricultural technology inputs to their members which is consistent with the data analysis finding of Table 4.9.

Moreover, focus group discussion and key informant interview was undertaken with issues related to the agricultural technology inputs. The finding from both particulars illustrated that though the members interest in taking these inputs has increased, the cooperatives are not able to supply adequate inputs based on the members' demand. The main reason associated with the low supply of these inputs by the cooperatives is due to the constraint of capital (financial problems). In other words, the cooperatives are reliance on external financial support in the present time. That is, the cooperatives are subsidized by government through revolving fund in purchasing of the agricultural technology inputs. Though subsidized, the cooperatives are still poor in supplying of these inputs to their members.

The prices of these inputs range from 5,000 Birr to 30,000 Birr. Although the majority of the cooperative members are interested to take these inputs with the existing prices, some members

who have small irrigable farmland are claiming that the prices of these inputs are expensive and risky where the loan is also to be paid back in four years.

Introduction of these inputs in the Woreda as loan guarantee fund through the revolving fund was started in 2004; and the loan guarantee of the revolving fund is to be paid back in four years. That is, the cooperative members who took these inputs have to pay the loan back in four years depending on the purchasing price of the inputs.

The revolving fund subsidized by government is given to the cooperatives with charging of interest rate. The cooperatives take the revolving fund from the Regional Government (facilitated by the Agricultural Office of the Woreda and Agricultural Bureau of the Region) with the interest rate of 6% to be paid back to the Regional Government. Then, the cooperatives disburse the loan to their members with a total of 9% interest rate where the 3% of the interest rate is to be given to the cooperatives.

Owing to the small quantity provision of the agricultural technology inputs comparing the demand of the members, the cooperatives have their own criteria to distribute the inputs to their members. The distributing criteria of the inputs to their members is in such away that experts working in the agricultural office of the Woreda together with executive committee of the cooperatives firstly undertake field assessment in order to know the potential of irrigating areas of the members' farmland. Then, cooperative farmer members who do have irrigable farmland through irrigation are identified depending on the size of irrigable farmland they own. The result of the field study is also discussed in the General Assembly meeting of the cooperatives aiming to be the field study transparent.

After the field study is discussed in the General Assembly, the larger the farmer members having irrigable farmland, the greater chance to get the inputs. In this case, it should be understood that the inputs are given to the cooperative farmer members being the management committee of the cooperatives is the responsible body on behalf of the cooperatives through the revolving fund-loan scheme of the government.

It should be noted that the non-member farmers could also purchase the agricultural technology inputs from the agricultural office of the Woreda. However, there are differences between the non-members and cooperative members in purchasing scheme of the inputs from the agricultural office of the Woreda. One of the differences is that priority is given to the cooperatives and the responsible body for the non-member farmers in purchasing of the inputs is the chairman of the local kebele. Another difference is that the cooperatives purchase the inputs and distribute to their members through loan obtained from the revolving fund of the Regional Government while the non- members purchase these inputs using their own money without loan guarantee.

4.3.2 Grain marketing

In connection to the grain marketing, discussion in the focus group and interview with key informants was carried out. The finding from both sides revealed that the cooperatives have not yet involved so far in grain marketing.

According to them, though cooperatives like Lemlem and Maysiye started grain marketing before three years because of loan obtained from the revolving fund of the Region, they didn't continue due to different reasons. One reason was due to the interruption of the revolving fund which was aimed to mobilize the cooperatives in grain marketing. The other reason was related to the shortage of capital of the cooperatives where the available capital was shifted to other purposes such as in purchasing of fertilizers.

Moreover, the participants in both sides underlined that despite the cooperatives were constrained by shortage of capital and the interruption of the revolving fund, the absence of purchasing committee in the cooperatives also contributed to the failure of the cooperatives in grain marketing. Besides, the management committees of the cooperatives were not active enough and devoted to be involved in mobilizing the cooperatives in grain marketing even with the available of small capital of the cooperatives at competitive market area and competitive prices with wholesalers and private trades.

The finding from the participants in both focus group discussion and key informants also indicated that the absence of grain marketing in the cooperatives contributed to have low

participation of members in selling and purchasing of grains between their cooperatives. This also forced the members to sell and purchase grains to the outside market areas. Nevertheless, many members are interested to participate in grain marketing of their cooperatives despite the cooperatives situation at present.

However, one of the purposes of primary multipurpose primary cooperatives as indicated in the literature is to give service provision such as grain marketing to their members. Yet, the cooperatives have not engaged in grain marketing so far implying that the cooperatives are poor in the provision of grain marketing to their members.

4.3.3 Consumer commodities

Consumer commodities (goods) are meant commodities consumable by households such as sugar, coffee, salt, soaps and other related commodities.

With this regard, contact was made with focus group discussion and key informants participants. The result obtained from both particulars revealed that the cooperatives have involved in some of the consumer commodities. However, Dedebit primary cooperative has ceased in the involvement of consumer commodities though it started earlier than the other cooperatives. By now the shop is closed due to the loss encountered attributed to the corruption committed by the shopkeeper two years ago.

The rest cooperatives continue giving services despite they are facing with problems in relation to corruption like Dedebit cooperative. Because of such frustration, all cooperatives have changed shopkeepers, and replaced by others. However, being in this situation, the cooperatives have exercised in getting some profit from selling consumer commodities.

For example, based on the WARDO cooperative evaluation report (2008), the cooperatives have obtained some profit from selling of these commodities. As it was found in the report, profit obtained for Lemlem cooperative was 1,124 Birr, 3,243 Birr and 2,542 Birr for the years 2004, 2005 and 2008 respectively. Similarly, for Mayferes cooperative, it was 2,642 Birr, 3,211 Birr and 5,415 Birr for the years 2005, 2006 and 2008 respectively. For Maysiye cooperative, it was

found to be 3,427 Birr and 4,213 Birr respectively to the years 2004 and 2005. Though the cooperatives have involved in consumer commodities and have obtained such profit, it was not attractive to the members because the dividend payment obtained from selling of the commodities was too small that couldn't satisfy the members.

Moreover, the finding obtained from focus group discussion and key informants revealed that the cooperatives are poor in provision of consumer commodities to their members though the cooperatives have exercised small profit. Different reasons were raised for the poor provision of consumer commodities by the cooperatives. For instance, due to capital (finance) constraint, the cooperatives have not been able to provide large quantity and quality of consumer commodities. This created gap between the members and their cooperatives in buying and selling of the commodities continuously.

The other reason was related to the poor mobilization of the cooperative leaderships including the management committees. That is, despite the reduction prices of the available consumer commodities by the cooperatives so as to attract their customers, many cooperative members are reluctant to use from their cooperatives.

In connection to this, interview was also made with the shopkeepers of the cooperatives. The finding also revealed that though the cooperatives are not able to provide with adequate and quality (differentiated commodities) comparing with wholesalers and private traders, many cooperative members are not in situation to be customer of their cooperatives even with the available commodities and price reduction.

For example, for Lemlem primary cooperatives, the price levels for some of the consumer commodities as of 2008 for the cooperative and outside market respectively were: coffee (32 Birr, 34 Birr), sugar (9.5 Birr, 10 Birr), soap (5.5 Birr, 6.5 Birr). However, despite the price levels reduction comparing with the outside market, most of the cooperative members are not costumers of their cooperatives. According to the shopkeepers, the reason for this is similar with the above. That is, due to lack of capital, the cooperatives couldn't supply more and differentiated commodities which could have attracted the members. Another reason could also

be associated with the poor mobilization of the cooperative leaders to their members in their local areas.

According to them, though some cooperative members live far from the selling shops and consequently might have not courage to come to the shops and buy commodities, it can't be considered as main reason. Because, the cooperative members who live even in the near by area of the selling shops are not customer of their cooperatives.

Some of the cooperatives are shifting to other commodities such as cement and corrugated iron sheets realizing the demand of these commodities by their members is higher than the present available commodities. For example, Maysiye primary multipurpose cooperative is by now shifting to the provision of these inputs. Accordingly, the cooperative obtained net profit of 9,357 Birr from selling of these commodities to its members as of 2008 though there was stiff competition, particularly to cement in the Region as a whole.

Moreover, a survey was conducted aiming to know the response of the cooperative members towards consumer commodities. In other words, were asked whether they are customers of their cooperatives, and how frequent they buy from their cooperatives.

Table 4.11 Members' response towards buying of consumer commodities

Particulars	Frequency	Percentage
No	105	75
Sometimes	35	25
Always	-	-
Total	140	100

Source: Survey data, 2008

The above Table shows the response of the survey respondents towards to the consumption of consumer commodities from their cooperatives. As it is shown in the Table, the majority of the cooperative members were not consumer of commodities from their cooperatives. That is, the majority of them responded that they have not bought any consumer commodities from their

cooperatives when needs arise. However, only few cooperative members were in situation to buy some of the consumer commodities sometimes from their cooperatives when needs arise.

Thus, as it is indicated in the above Table, the survey finding revealed that majority of the respondents which is 75% replied that they have not bought consumer commodities from their cooperatives so far. Only 25% of them responded they bought some of the consumer commodities sometimes from their cooperatives when needs arise.

Besides, were asked the respondents why they didn't buy consumer commodities from their cooperatives. The idea of most of the respondents was similar with the result finding of both the key informants and focus group participants. Accordingly, they underlined the poor provision of the cooperatives in both quantity and differentiated commodities enforced them to buy from outside market. On top of this, they added that there is also interruption of provision of these commodities even under the low supply of the cooperatives. It was noted that the poor mobilization of the cooperative leaders to their members also contributed to the members to be reluctant in buying of commodities from their cooperatives. Of course, few members also raised issues related to the location of selling shops of the cooperatives. However, this might not be a major relevant factor since many cooperative members who live nearby the selling shops were not accustomed to using of consumer commodities from their cooperatives.

As whole, it can be said that the cooperatives are at poor level in supplying of the consumer goods in both quantity and quality (differentiated goods) to their members though different reasons contributed to this as discussed above.

4.3.4 Credit services

As it is illustrated in the literature, one of the main functional objectives of rural organizations such as primary multipurpose cooperatives is their accessibility to credit and their ability to provide credit service to their members. For example, in connection to this, Yigremew (1999) as quoted in Mesfin (2007) stated that well organized and managed rural organizations such as cooperatives can provide crucial services such as credit services efficiently. Thus, the ability

cooperatives to provide credit services to their members based on demand of members could indicate the cooperatives performance.

With regard to credit services of the cooperatives, detail discussion with focus group participants and interview with key informants was carried out. The result findings from both particulars indicate that the cooperatives themselves have been highly subsidized by government since their establishment. That is, the cooperatives have not their own sufficient financial resources to run the cooperatives activities. Of course, this can also be witnessed by the previous discussion that the cooperatives were not able to undertake most of their activities because of financial problem even under subsidized situations. For further information, look at the following Table which indicated the cooperatives financial capacity and their demand to credit services.

Table 4.12 Cooperatives financial capacity and credit service accessibility (in Birr)

Year	Cooperatives					
	Cooperatives total expenditure, own financial capacity, loan obtained	Lemlem	Dedebit	Mayferes	Maysiye	Total
2004	Total cooperative financial expenditure	1,712,259	1,987,415	1,546,214	1,675,112	6,930,000
	- covered by own financial resource	25,395	12,418	23,245	28,675	89,733
	· covered by %	1.5	0.6	1.5	1.7	1.3
	-subsidized loan by government	1,695,864	1,974,997	1,522,969	1,646,437	6,840,267
	· covered by %	98.5	99.4	98.5	98.3	98.7
2005	Total cooperative financial expenditure	1,697,416	1,848,115	1,648,714	1,683,124	6,877,369
	- covered by own financial resource	27,648	14,218	52,317	42,482	136,665
	· covered by %	1.6	0.8	3.2	2.5	2
	-subsidized loan by government	1,669,768	1,883,897	1,596,397	1,640,642	6,740,704
	· covered by %	98.4	99.2	96.8	97.5	98
2006	Total cooperative financial expenditure	1,542,674	1,897,415	1,752,674	1,873,549	7,066,312
	- covered by own financial resource	27,965	195,875	72,516	20,798	317,154
	· covered by %	1.8	10.3	4.1	1.1	4.5
	-subsidized loan by government	1,514,709	1,701,540	1,680,158	1,852,751	6,749,158
	· covered by %	98.2	89.7	95.9	98.9	95.5
2007	Total cooperative financial expenditure	1,675,543	1,977,394	1,665,473	1,754,953	7,073,363
	- covered by own financial resource	27,194	155,475	85,275	45,673	313,617
	· covered by %	1.6	7.9	5.1	2.6	4.5
	-subsidized loan by government	1,648,349	1,821,919	1,580,198	1,709,280	6,759,746
	· covered by %	98.4	92.1	94.9	97.4	95.5
2008	Total cooperative financial expenditure	2,575,743	2,115,965	1,997,865	2,525,476	9,215,049
	- covered by own financial resource	35,765	255,354	115,295	93,475	499,889
	· covered by %	1.4	12.1	5.8	3.7	5.4
	-subsidized loan by government	2,539,978	1,860,611	1,882,570	2,432,001	8,715,160
	· covered by %	98.6	87.9	94.2	96.3	94.6
Average Total	Total cooperative financial expenditure	9,212,635	9,826,304	8,610,940	9,512,214	37,162,093
	- covered by own financial resource	143,967	633,340	348,648	231,103	1,357,058
	· covered by %	1.6	6.4	4	2.4	3.7
	-subsidized loan by government	9,068,668	9,192,964	8,262,292	9,281,111	35,805,035
	· covered by %	98.4	93.6	96	97.6	96.3

Source: WARDO cooperatives evaluation report, 2008 and own computation

The above Table shows the cooperatives total expenditures, financial capacity of the cooperatives and extent of loan subsidized by government for different fiscal years. Cooperatives expenditure is meant the total cooperatives expense in order to carry out different cooperative activity areas. The data analysis indicates the cooperatives are very poor in financial capacity to carry out different activities using their own financial resources. In other words, the cooperatives have been highly subsidized by government loan for the different fiscal years.

The cooperatives have not been able to cover their expenses using their own financial (capital) so as to undertake the cooperative activities for the different years mentioned. Looking at the Table, relatively Dedebit cooperative has been a little bit able to cover some of its expenditures for the last three years comparing with the rest cooperatives. When seen in percentage for the cooperative, it was 10.3%, 7.9% and 12.1% in the fiscal years of 2006, 2007 and 2008 respectively.

Table 4.13 Cooperatives total expenditure, financial capacity and loan subsidized (in Birr)

Particulars	Year					
	2004	2005	2006	2007	2008	Total
Total cooperatives financial expenditures	6,930,000	6,877,369	7,066,312	7,073,363	9,215,049	37,162,093
covered by own financial sources	89,733	136,665	317,154	313,617	499,889	1,357,058
covered by %	1.3	2	4.5	4.5	5.4	3.7
subsidized loan by government	6,840,267	6,740,704	6,749,158	6,759,746	8,715,160	35,805,035
covered by %	98.7	98	95.5	95.5	94.6	96.3

Source: WARDO cooperatives evaluation report, 2008 and own computation

The above Table shows the summarized cooperatives total expenditures, coverage of financial expenditures using their own resources and loan subsidized to the cooperatives by government. The data is taken (driven) from Table 4.12 above. Hence, the data shows total summarized expenditures, and own financial capacity and government subsidy loan for all study cooperatives.

As the summarized data analysis indicated, the most of the expenditure of the cooperatives has been covered through the government loan. Only very small part of expenditure has been covered by the cooperatives own financial resources. Hence, the above data analysis indicates the cooperatives are poor in financial capacity where they are reliance on external financial support to undertake their activities.

Moreover, discussion and interview was conducted with focus group and key informants in relation to the cooperatives financial capacity and credit accessibility. The finding also revealed that the cooperatives are highly dependent on external financial resources in order to undertake different cooperative activities. The government subsidizing loan is by now the most important financial resource for the cooperatives. However, though the government loan is the most important financial source of the cooperatives, the participants argued that the loan is not sufficient enough for the cooperatives at present in order to undertake the outlined cooperative activities.

Besides, were asked the participants in connection to issues related with loan delivery and interest rate. Accordingly, there are two types of loan sources from the Regional Government. One way is through revolving fund of the Region. With regard to the revolving fund, it is released mainly for purchasing of agricultural technology inputs and is to be paid back in four years. In relation to the interest rate of the revolving fund, the Regional Government gives loan to the cooperatives with interest rate of 6%. Then, the cooperatives disburse the loan to their member (for the purpose of (purchasing fertilizer, consumer commodities etc) with a total interest rate of 9% where the 3% is to be given to the cooperatives.

However, the revolving fund is becoming dried up where the Regional Government shifted its direction to provide loans to the cooperatives with direct support loan from CBE.

Revolving fund is a loan given to the cooperatives by the Regional Government own capital or funded by NGOs to be paid back in four years.

The other source of loan of the cooperatives from government is from CBE. That is, the cooperatives take credit (loan) from CBE through the guarantee of the Regional Government.

Here, the Agricultural Office of the Woreda takes the responsibility of the loan given to the cooperatives from CBE on behalf of the Regional Government. With regard to the interest rate, the cooperatives take loans from CBE with interest rate of 7.5% through the guarantee agreements of Regional Government, Agricultural Office of the Woreda and CBE. Then, the cooperatives disburse the loan to their members (for the purpose of different cooperative activities such fertilizer purchasing) with interest rate of 12.5% where the 5% is considered for the cooperatives capital. Here, the cooperatives have to pay the loan back in one year interval so as to take another loan for the next year (season) unlike to the revolving fund where they are expected to pay back in four years.

The participants in focus group discussion and key informants underlined that the interest rate charge both from CBE and revolving fund is not initiative to the cooperatives. They also added even being in this situation, the loan obtained from the government is not sufficient for the cooperatives to undertake their activities. Because of this, a sizable number of cooperative members take credit from DECSI (Dedebit Credit and Saving Institution) particularly during delayance of credit from their cooperatives for purchasing of fertilizer.

On the other hand, survey respondents were asked whether they have got credit services so far from their cooperatives for their own purposes.

Table 4.14 Members' access to credit services for non-agricultural inputs

Particulars	Frequency	Percentage
Yes	-	-
No	140	100
Total	140	100

Source: Survey data, 2008

The above Table illustrates the respondents' accessibility to credit services for non-agricultural inputs. Accordingly, the survey finding revealed that no cooperative member has obtained so far any credit service from his/her cooperative. In other words, all of the respondents, 140 (100%) of them replied they have not got any credit service so far from their cooperatives for their own

purposes. Yet, it was observed during the interview of the respondents that the cooperative members are interested to take credit services from their cooperatives so as to fulfill their households' needs.

Meanwhile, a survey was conducted in relation to credit provision of cooperatives to their members, particularly for fertilizer purchasing.

Table 4.15 Members' accessibility to credit services for purchasing of fertilizer in 2007

Particulars	Frequency	Percentage
Yes	97	69.3
No	43	30.7
Total	140	100

Source: Survey data, 2008

The above Table indicates that the capacity of the cooperatives in the provision of credit service to their members for the purpose of purchasing of fertilizer. As it was discussed earlier, one of the main activities of the cooperatives is provision of credit service to their members for fertilizer purchasing.

Having this, survey respondents were asked whether they got credit services from their cooperatives for purchasing fertilizer in the year 2007. Accordingly, the survey finding revealed that 69.3% of the respondents got access credit services in the year 2007; while the remaining 30.7% of them didn't get. This indicated the cooperatives are not able to provide credit services to all their members even for purchasing of fertilizer under loan subsidizing situation by government.

Because of financial shortage, the cooperatives use some criteria such as participation of members in cooperative activity areas in provision of credit services for purchasing of fertilizer. Those members who didn't get credit services from their cooperatives use other alternatives such as purchasing of fertilizer from agricultural office of the Woreda on cash on hand payment or take credit from DECSI in order to purchase fertilizer from agricultural office of the Woreda.

Thus, the finding from the data analysis, focus group discussion and key informants, and survey respondents showed that the study cooperatives are poor in financial capacity. The cooperatives are also unable to provide credit services for their members own purposes. Besides, the cooperatives are not in situation of providing credit services to all their members even for fertilizer purchasing; and the loan given to the cooperatives by the Regional Government is not also sufficient enough in order to undertake different cooperative activities.

4.3.5 Access to incense and sand resources

For this study, natural resources are those naturally available in the local area and benefiting to the cooperatives when used.

Incense: is naturally grown tree which has economical value and exportable; and has pleasant smell when processed and smoked, particularly during coffee ceremony in most of the country's areas. (Traditionally, it is called 'Itan').

With regard to these resources, only Dedebit primary multipurpose cooperative has involved in incense production; while Mayferes and Maysiye primary multipurpose cooperatives have engaged in sand production for the purpose of construction materials. The remaining cooperative, Lemlem primary multipurpose cooperative has not been so far involved in neither of these resources.

Dedebit is one of the Kebeles of the Woreda which is located about 50 km far from the main Town of the Woreda (Endabaguna) and endowed with incense resource. Having this, Dedebit primary multipurpose cooperative has involved for the last three years in the production of incense being the main source of profit for the cooperative. According to the cooperative evaluation report of WARDO (2008), the cooperative owned about 300ha of incense producing area.

For example, according to the cooperatives evaluation report of WARDO (2008), from the total profit obtained for the cooperative of 164,551 Birr in the year 2006, about 143,159 Birr or (87%) of the total profit was profit obtained from selling of incense. Similarly, from the total profit obtained for the cooperative of 172,724 Birr in the year 2007, about 160,633 Birr or (93%) of it

was also obtained from selling of incense. Besides, from the total profit obtained for the cooperative of 200,674 Birr in the year 2008, about 194,653 Birr or (97%) was profit obtained from selling of incense.

The cooperative sell incense production to wholesalers organized in Endassilasie town (Zonal Town) located around 22km far from the study Woreda main town (Endabaguna). The rest profit was obtained from different cooperative activities such as interest rate from provision of services to the members like fertilizer supply from the cooperative to its members, from penalty fees from members due to delayance of credit taken such as purchasing of fertilizer.

Nevertheless, having the above important performance of Dede-bit primary cooperative in the production of incense, the local government has already decided the cooperative to cease incense production starting from 2009. Instead, the local government decided to give to the youth organized under micro and small enterprises. This was also witnessed by all focus group discussion participants and key informants. According to them, because of the decision made by the local government, all cooperative members are disappointed at the decision made. This was also witnessed by cooperative members during interview undertaken at field work.

On the other hand, Mayferes and Maysiye primary multipurpose cooperatives have involved in the production of sand and sell to Endassilasie town (Zonal Town) with the agreement of the purchasers having attractive price for sand production. Hence, as incense is to Dede-bit cooperative, sand production has been also the main source of profit for the cooperatives in the last three years.

For example, according to cooperatives evaluation report WARDO (2008), for Mayferes primary multipurpose cooperative, from the total profit obtained 102,848 Birr in the year 2006 about 75,079 Birr or (73%) of the total profit was obtained from selling of sand production. However, in the year 2007, because of the intervention of the local government to cease the cooperatives on the involvement of sand production the cooperative was not fully engaged. But, being even in situation, the majority of the profit obtained is from the selling of sand production. Accordingly,

from the total profit obtained of 14,310 Birr about 9,158 or (64%) of the total profit was from selling of sand production.

Similarly, though the cooperative was ordered to cease in the production of sand, due to somehow the continuity of sand production in the year 2008, still from the profit obtained 21,375 Birr, about 13,894 Birr or (65%) of the total profit was obtained from selling of sand production. The rest profit was obtained from different cooperative activity areas such as interest rate from fertilizer, selling of consumer commodities, penalty fees of members due to delayance of credit taken particularly from fertilizer disbursed from their cooperatives.

Coming to the Maysiye primary multipurpose cooperative, like to Mayferes cooperative, sand production has been also a major profit source for the cooperative. For example, from the total profit obtained for the cooperative of 5,218 Birr in the year 2007, about 3,235 Birr or (62%) of the total profit was covered from selling sand production. Similarly, from the total profit obtained 33,264 Birr in the year 2008, about 24,282 Birr or (73%) of the total profit was also obtained from selling of sand production. The rest profit was covered from interest rate, penalty fees of members due delayance credit delivery, selling consumer commodities.

Despite the importance sand production in obtaining profit for the cooperatives like incense production to Dedebit cooperative, the local government also ordered to give to youth organized under micro and small enterprises. Because of this decision, both cooperatives have creased in sand production starting from 2009. Consequently, many cooperative members including the cooperative leaders are disappointed.

Moreover, interview was undertaken with key informants such as Woredea high-officials why they decided to cease the cooperatives in the production of both incense and sand. According to them, although the importance of these resources in the profitability, dividend payments and capital creation of the cooperatives is well recognized, due to the increment of unemployment from time to time in the Woreda, they are forced to cease the cooperatives in the involvement of these resources favoring to the youth organized under micro and small enterprises. In-deeded, they also admitted that the direction of the government is concerned with organizing of the youth

through micro and small scale enterprises in their local areas and to be involved in the mobilization of the available local resources.

Though the reason for ceasing incense and sand production of the cooperatives was as mentioned above, the participants in the focus group discussion and key informants such executive committees of cooperatives argued that by now the cooperative members including the cooperative officials are not glad at the decision made by the local government. According to the participants, the decision made by the local government is despairing to the cooperatives for further progress.

Of course, a question was also posed to the cooperative members during field work. Their idea was same to the focus group discussion participants and key informants such as cooperative executive committees and cooperative officials.

The summarized idea raised by all focus group discussion participants and key informants such as cooperative executive committees and cooperative officials was comprehensively described as follow.

We are given rights by government to be organized in cooperatives, and to undertake cooperative activities including mobilizing of local resources in sustainable way. Even the Government admitted that cooperatives shall be involved in economic activities that are helpful for cooperative members. But, the local government made a decision to cease the cooperatives in the production of license and sand. Thus, we are pessimistic about the sustainability of the cooperatives in the future when things are continued in this way.

Any way, the interruption of the cooperatives in the involvement of these resources seemed to have affected the profitability of the cooperatives contributing to the low profitability, dividend payments and capital creation of the cooperatives and poor dividend payments of their members. Moreover, many cooperative members despaired and disappointed at the decision made by the local government.

4.3.6 Capital creation

With regard to the cooperatives capital, an attempt was made to assess the cooperatives capital by taking data of cooperatives evaluation report from agricultural office of the Woreda. The following Table illustrated the cooperatives capital trends for the different fiscal years.

Table 4.16 Cooperatives capital trends for different fiscal years (in Birr)

Year	Name of cooperative					
	Capital	Lemlem	Dedebit	Mayferes	Maysiye	Total
2004	Fixed	9876	-	3864	451	14191
	Working	39505	8247	24235	29595	101582
	Total	49381	8247	28099	30046	115773
2005	Fixed	31420	3146	8650	1248	44464
	Working	29585	12523	50556	33170	125834
	Total	61005	15669	59206	34418	170298
2006	Fixed	20902	7461	8493	37016	73872
	Working	29341	255497	83258	21766	389862
	Total	50243	262958	91751	58782	463734
2007	Fixed	27324	23080	7025	20042	77471
	Working	29282	169863	90940	49085	339170
	Total	56606	192943	97965	69127	416641
2008	Fixed	25276	15780	29338	25686	96080
	Working	36369	288663	132464	94729	552225
	Total	61645	304443	161802	120415	648305

Source: WARDO cooperatives evaluation report, 2008 and own computation

The above Table illustrates the cooperatives capital trends for the different fiscal years. The capital of the cooperatives was analyzed in two. That is, fixed capital and working capital. For this study, fixed capital includes office furniture, constructed offices, stores, shopping houses and the likes. Whereas working capital concerns with cooperative financial capacity such as used in purchasing of fertilizer, consumer commodities and in provision of different services to members. Thus, working capital the most important in relation to the cooperatives capital since it indicates the cooperative activity areas and the present status of the cooperatives

In or the cooperatives order to know the capital trend for the different years, comparison was made by percentage increment of the cooperatives capital. The following Table indicates this situation.

Table 4.17.Cooperatives total capital and its trend (in Birr)

Cooperatives	Total capital	Year				
		2004	2005	2006	2007	2008
Lemlem	Capital	49,381	61,005	50,243	56,606	61,645
	- or + by %	-	23.5	-17.6	12.7	8.9
Dedebit	Capital	8,247	15,669	262,958	192,943	304,443
	- or + by %	-	89.9	1578	-26.6	57.8
Mayferes	Capital	28,099	59,206	91,751	97,965	161,802
	- or + by %	-	110.7	54.9	6.7	65.1
Maysiye	Capital	30,046	34,418	58,782	69,127	120,415
	- or + by %	-	14.6	70.8	17.6	37
Average total	Capital	115,773	170,298	463,734	416,641	648,305
	- or + by %	-	47	172.3	-10.2	55.6

Source: WARDO cooperatives evaluation report, 2008 and own computation

The above Table illustrates the cooperatives total capital trends computed in percentage for different fiscal years. As it is illustrated in the Table, the capital of the cooperatives had no uniformity for the years considered. That is, there was a decreasing trend of capital for some of the years and steadily increasing for the rest years.

For example, when seen the capital trend of Lemlem primary multipurpose cooperative for the years considered, it had no uniformity. As indicated in the Table, when the total capital of the cooperative in the year 2004 is compared with 2005, it increased by 23.5%. However, comparing the capital of the cooperative the years 2005 and 2006, the total capital was declined by about 17.6%. Similarly, comparing the capital of the cooperative with years 2006 and 2007, it

increased by about 12.7%. Comparing with 2007 and 2008, the capital of the cooperative was increased by 8.9%.

For Dedebit primary multipurpose cooperative, the capital trend of the cooperative had no also uniformity. Looking the total capital of the cooperative for the years 2004 and 2005, the total capital of the cooperative was increased by 89.9%. Comparing the capital of the cooperative with the years 2005 and 2006, it increased by large amount which is 1578% mainly due to incense production. However, the total capital of the cooperative was declined by about 26.6% comparing the year 2006 with 2007. But, the cooperative total capital was increased by 57.8% in the year 2008.

Coming to the Mayferes primary multipurpose cooperative, the capital of the cooperative has been in increase trend though the magnitude of the increment was small. The total of the cooperative was increased by about 110.7% comparing with the years 2004 and 2005. When compared the total capital of the cooperative with the years 2005 and 2006, it increased by 54.9%. Similarly, comparing the total capital of the cooperatives with the years 2006 and 2007, the capital of the cooperative was increased by 6.7%. However, the total capital increased by 65.1% comparing the year the 2007 with 2008.

For Maysiye primary multipurpose cooperative, the total capital of the cooperative has increased slightly for the years considered. For example, comparing the total capital of the cooperative with the years 2004 and 2005, the capital increased by about 14.6%. Comparing the years 2005 and 2006, it increased by about 70.8%. Similarly, comparing with the years 2006 and 2007, the capital increased by about 17.6%. When compared the total capital with the years 2007 and 2008, it was increased by about 37%. Though small in magnitude, relatively Maysiye and Mayferes primary cooperatives were better than the rest cooperatives for the reason that at least the capital has been in increasing trend.

When analyzed the total capital of the cooperatives, it has no also uniformity. For example, comparing the total capital of the cooperatives with the year 2004 and 2005, the total capital was increased by about 47%. The total capital of the cooperatives was also increased by about

172.3% comparing the year 2005 with the year 2006. However, the total capital of the cooperatives was declined by 10.2% in the year 2007 comparing with 2006. But, it was increased by 55.6% in the year 2008 comparing with 2007.

Though the total capital of the cooperatives has been in increase trend for most of the years (but small in magnitude), the involvement of the cooperatives like Dedebit, Maysiye and Mayferes in the production of incense and sand contributed to the lion share of the capital, particularly for the last three years.

It should, however, be understood that the trends (either decreasing or increasing or steady increasing or steady decreasing) of the cooperatives have been compared in absolute terms. In other words, the capital of the cooperatives was not compared with the demand of the cooperatives in order to carry out their activities. Thus, here comes a need to compare the available capital with the demand of the cooperatives under consideration.

Table 4.18 Cooperatives capital demand and their working capital status (in Birr)

Cooperative	Demand vs working capital	2004	2005	2006	2007	2008	Average total
Lemlem	Demand	2,594,214	2,718,521	3,125,475	3,075,954	4,127,225	15,641,380
	Capital	39,505	29,585	29,341	29,282	36,369	164,082
	Deficit by %	6466.8	9088.9	10465.2	10404.6	11248.2	9432.7
Dedebit	Demand	3,595,000	3,475,000	3,927,500	4,724,937	4,946,546	20,668,983
	Capital	8,247	12,523	255,497	169,863	288,663	734,793
	Deficit by %	43491.6	27649	1437.2	2681.6	1613.6	2712.9
Mayferes	Demand	2,492,000	2,976,515	3,574,437	3,899,525	4,751,275	17,693,752
	Capital	24,235	50,556	83,258	90,940	132,464	381,453
	Deficit by %	10182.7	5787.6	4193.2	4188	3486.8	4538.5
Maysiye	Demand	3,195,000	3,496,195	4,750,000	4,985,925	5,250,000	21,677,120
	Capital	29,595	33,170	21,766	49,085	94,729	228,345
	Deficit by %	10695.7	10440.2	21723	10057.7	5442.1	9393.1
Total	Demand	11,876,214	12,666,236	15,377,412	16,686,341	19,075,046	75,681,249
	Capital	101,582	125,834	389,862	339,170	552,225	1,508,673
	Deficit by %	11591.3	9965.8	3844.3	4819.8	3354.2	4916.4

Source: WARDO cooperatives evaluation report, 2008 and own computation

Deficit by % = $\frac{\text{Present cooperatives working capital} - \text{Cooperatives demand}}{\text{Present cooperatives working capital}} \times 100$

Present cooperatives working capital

The above Table indicates the financial (capital) demand of the cooperatives and their working capital for the different fiscal years. Here, the financial (capital) demand of the cooperatives was compared with the working capital of the cooperatives. The working capital is considered because it indicates the present financial capacity of the cooperatives and the cooperative activity areas.

As illustrated in the Table, the working capital of the cooperatives for the different years has been incomparable with the financial demand of the cooperatives. That is, the financial (capital) demand of the cooperatives has been by large greater than the working capital of the cooperatives.

This shows that the cooperatives working capital is absolutely smaller than the cooperatives financial (capital) demand in order to undertake the cooperative activities.

From the above data analysis, it can be said that the cooperatives are poor at capital creation so as to carry out their cooperative activities. This was also witnessed by all focus group discussion and key informant participants.

4.3.7 Profitability and dividend of cooperatives

According to cooperative societies' Proclamation No.147/1998, the FDRE stimulates the cooperative societies shall deduct 30% of the net profit obtained and use reserve so as to strengthen the capital of the cooperative for further expansion of cooperatives works and activities. And only the 70% of the net profit shall be divided to the members being the division on the basis of shares of the members. The following Table shows the net profit obtained for the cooperatives for the different years.

Table 4.19 Net profit obtained for the cooperatives (in Birr)

Cooperatives	Net profit									
	2004		2005		2006		2007		2008	
	Net profit	% Growth	Net profit	% growth	Net profit	% Growth	Net profit	% growth	Net profit	% growth
Lemlem	1124	-	5420	382	5728	6	4281	-25	7358	72
Dedebit	825	-	3241	293	164551	4977	172724	5	200,674	17
Mayferes	2548	-	150054	5789	102848	-32	14310	-86	21375	49
Maysiye	90644	-	26510	-71	-22397	-184	5218	-80.3	33264	537
Average total	95141	-	185225	95	250730	35	196533	-22	268694	37

Source: WARDO cooperatives evaluation report, 2008 and own computation.

The above Table shows the net profit obtained for the cooperatives at different years. As indicated in the Table, the net profit for most of the cooperatives had no uniformity for the years considered. That is, increasing or steady increasing for some of the years and decreasing or steady decreasing for the rest years. Relatively, only Dedebit primary cooperative has shown an increasing or steady increasing trend though small in magnitude.

For Lemlem primary cooperative, the net profit was increased by about 382% in the year 2005 and steadily increased by 6% in the year. However, the net profit was declined by about 25% in the year 2007 (due to the encounter of loss) because of the cease of the cooperative somehow in the involvement of consumer commodities sell and grain marketing. Yet, the cooperative net profit was increased by 72% (due to the involvement of the cooperative somehow in these activities).

With regard to Dedebit primary cooperative, the net profit of the cooperative was increased by 293% in the year 2005 and also increased by about 4977% in the year 2006 (due to the involvement of the cooperative in incense production). Similarly, the net profit was steadily increased by 5% in the year 2007 (due to same reason); and also increased by about 17% still due to same reason.

Looking at the Mayferes primary cooperative, the net profit of the cooperative was increased by 5789% in the year 2005 (mainly due to the involvement of the cooperative in sand production). However, it was declined by 32% in the year 2006 (mainly due to the interference of the local government in the cooperative to cease sand production). Similarly, the net profit was also declined in the year 2007 by about 86% (due to same season). But, the net profit was increased in the year 2008 by about 49% mainly due to the involvement of the cooperative in consumer commodities.

For Maysiye primary cooperative, the net profit was declined by about 71% in the year 2005 (mainly due to the interference of the local government in the cooperative cease sand production). The cooperative has not got profit in the year 2006, instead the cooperative encountered loss of 22,397 Birr due to the cease of the cooperative in sand production and corruption committed by shopkeeper. However, the cooperative retrieved in the year 2007 somehow by getting 5,218 Birr mainly from consumer commodities sale though the net profit of the cooperative was still declined by about 80.3% comparing with the year 2005. However, the profit was increased by 537% in the year 2008 (mainly due to the sell of consumer commodities such as cement and corrugated iron sheets).

When seen the total net profit of the cooperatives, the net profit was increased by 95% in the year 2005; and steadily increased by 35% in the year 2006. However, the total profit of the cooperatives was found to be declined by 22% in the year 2007; but increased by 37% in the year 2008. The reason for increasing and declining of the total profit was also associated with reasons mentioned above.

The main source of profit for the cooperatives, particularly for Dedebit, Mayferes and Maysiye and indeed for total profit of the cooperatives has been profit obtained from incense and sand production though the cooperatives have ceased in the production of these resources due to the order of the local government favoring to the youth organized under micro and small scale enterprises. The rest source of profit would be from selling of consumer commodities, grain marketing, and interest rate from members for fertilizer purchasing and penalty fees from members due to delayance of loan repayment periods.

However, it should be understood that the comparison of the profit of the cooperatives was in absolute terms. In other words, it was not compared in relative terms such as cooperatives anticipation to obtain profit and members aspirations. Though not compared in relative terms, the profit of the cooperatives even in absolute terms was low where it had no uniformity for most of the cooperatives (either increasing and steadily increasing or decreasing and steadily decreasing) trend for the years considered. Even the profitability of the cooperatives was highly dependent on the involvement of incense and sand production. Thus, the performance of the cooperatives in making profit could question the fate of the cooperatives.

Table 4.20 Dividend growth of the cooperatives (in Birr)

Cooperatives	Total dividend growth of the cooperatives									
	2004		2005		2006		2007		2008	
	Dividend	%	Dividend	%	Dividend	%	Dividend	%	Divided	%
Lemlem	787	-	3794	382	4000	5	2997	-25	5152	72
Dedebit	578	-	2269	293	115186	4977	120906	5	144723	-20
Mayferes	1784	-	105038	5788	71994	-31	10017	-86	14962	49
Maysiye	63451	-	18557	-71	-	-	3653	-80	23285	537
Average total	82680	-	129658	57	191180	47	137573	-28	188121	37

Source: WARDO cooperatives evaluation report, 2008 and own competition

The above Table illustrates the total dividend growth of the cooperatives for the different years. The dividend of the cooperatives is dependent on the net profit of the cooperatives indicated in Table 4.19. In other way, dividend of the cooperatives is considered as 70% of the net profit obtained for the cooperatives whereas the 30% of the net profit is used for reserve capital of the cooperatives. Thus, the dividend of the cooperatives goes parallel to the net profit of the cooperatives.

Since the dividend of the cooperatives is depended on the 70% net profit of the cooperatives, the dividend growth of the cooperatives for the years considered has been also low. Looking at the above Table, the dividend growth of the cooperatives had no uniformity like the net profit

indicated in Table 4.19. That is, either increasing and steadily increasing or decreasing and steadily decreasing.

Besides, the dividend growth of the cooperatives was compared in absolute terms. Even in absolute terms, the dividend growth was low where the lion share of the dividend for the cooperatives was obtained from the involvement of incense and sand production by some of the cooperatives. The reasons for the low dividend of the cooperatives were also associated with reasons mentioned above for net the profit of the cooperatives.

Having the above situation of the dividend of the cooperatives, an attempt was made through contacting key informants so as to know the accessibility of cooperative members to the dividend payments of the cooperatives. Accordingly, the cooperatives have made two times dividend payment distribution to their members so far except Maysiye cooperative which has made only one times. The dividend distribution years were in 2006 and 2008 being for Maysiye cooperative only in 2008. The dividend distribution of the cooperatives is indicated below.

Table 4.21 Accessibility of cooperative members to dividend payments (in Birr)

Distribution year	Accessibility of members	Cooperatives				
		Lemlem	Dedebit	Mayferes	Maysiye	Average total
2006	Total dividend	8,581	118,033	178,816	-	305,430
	Total members	387	299	280	-	966
	Accessible members to dividend	148	203	214	-	565
	% access of members	38.2	67.9	76.4	-	58.5
	Highest payment*	859	7516	8334	-	5570
	Lowest payment*	18	47	49	-	38
2008	Total dividend	8,149	265,629	24,979	26,938	325,695
	Total members	429	356	330	134	1249
	Accessible members to dividend	187	297	189	94	767
	% access of members	43.6	83.4	57.3	74.1	61.4
	Highest payment*	654	10007	925	674	3065
	Lowest payment*	27	87	46	29	47

Source: WARDO cooperatives evaluation report, 2008, interview from key informants and own computation; *indicates the payment is for one member

As shown in the above Table, the cooperatives have made two times dividend distribution to their members except Maysiye cooperative which made one times in the year 2008. The dividend distribution undertaken by the cooperatives in 2006 was the total dividend obtained in the years 2004, 2005 and 2006. Maysiye primary multipurpose cooperative didn't undertake dividend distribution in the year 2006 for the reason that the cooperative encountered loss in the mentioned year.

The total dividend distributed to the cooperative members in the year 2006 was 8,581 Birr, 118,033 Birr and 178,816 Birr respectively to Lemlem, Dedebit and Mayferes primary multipurpose cooperatives. Thus, the total dividend distributed to the members in the year 2006 was found to be 305,430 Birr.

Based on the data analysis finding indicated above, the cooperatives were not able to distribute the dividend to all their members in the year 2006. For example, the cooperative members who were accessible (participated) in the dividend payment in the year 2006 were 38.2%, 67.9% and 76.4% respectively for Lemlem, Dedebit and Mayferes cooperatives. This indicates that still a substantial number of cooperative members didn't get dividend payments from their cooperatives.

Similarly, when considered the total members for the cooperatives, only 58.5% of the cooperative members participated in dividend distribution undertaken by the cooperatives. However, Dedebit and Mayferes primary cooperatives were relatively better than Lemlem primary cooperative in distribution of dividend payments to their members due to the fact that the profit obtained from the involvement of incense and sand production. The highest dividend payment was 859 Birr, 7516 Birr and 8334 Birr respectively for Lemlem, Dedebit and Mayferes primary cooperatives being the average for all cooperatives 5570 Birr. Similarly, the lowest dividend payment to members was 18 Birr, 47 Birr and 49 Birr respectively for Lemlem, Dedebit and Mayferes primary cooperatives being the average for all cooperatives 38 Birr.

Coming to the dividend distribution of 2008, all the study cooperatives undertook the dividend payments to their members. As it is indicated in the above Table, the total dividend payment distributed was 8,149 Birr, 265,629 Birr, 24,979 Birr and 26,938 Birr respectively for Lemlem, Dedebit, Mayferes and Maysiye cooperatives. The total dividend distributed to members for all cooperatives was 325,695 Birr.

As shown in the data analysis above, cooperative members who had access to dividend payments from their cooperatives were 43.6%, 83.4%, 57.3% and 74.1% respectively for Lemlem, Dedebit, Mayferes and Maysiye Primary cooperatives being the average total for all cooperatives 61.4%. Though relatively better than the participants in dividend payment in the year 2006, there were many cooperative members who didn't get payments from their cooperatives. But, Dedebit primary multipurpose cooperative was relatively better than the rest cooperatives in obtaining dividend for its members due to the profit obtained from incense production.

On the other hand, the highest dividend paid to members was 654 Birr, 10007 Birr, 925 Birr and 674 Birr respectively for Lemlem, Dedebit, Mayferes and Maysiye cooperatives being the average for all cooperatives 3065 Birr. While the lowest dividend paid to members was 27 Birr, 87 Birr, 46 Birr and 29 Birr respectively for Lemlem, Dedebit, Mayferes and Maysiye primary cooperatives being the average for all cooperatives 47 Birr.

Meanwhile, discussion with focus group and interview with key informants was undertaken so as to know the criteria considered by the cooperatives in distribution of dividend payments to their members. Accordingly, the cooperatives use some criteria in distribution of dividend payments to their members. For example, they consider the share capital of members and the participation of members in cooperative activity areas.

In any case, the finding from the data analysis and focus group and key informants indicates that the cooperatives are poor in making dividends and even unable to distribute to all their members regardless of the criteria considered in distribution of dividends to their members. Besides, the lion share of dividend payments to the members was obtained from the involvement incense and

sand production although the cooperatives have ceased in production of these resources starting from 2009 due to the order of the local government.

4.3.8 Capacity building

Capacity building is related with the purpose of helping people (for this case, cooperative members) to improve their performance. Thus, capacity building is usually concerned with provision of education and training (it could be long-term training or short tem-training). Having this, an attempt was made to assess the capacity of the cooperatives in the provision of education and training to their members.

Table 4.22 Cooperatives provision of education or training to their members

Cooperatives	Total members	Accessible to education or training	%	Not accessible to education or training	%
Lemlem	429	5	1.2	424	98.8
Dedebit	356	4	1.1	352	98.9
Mayferes	330	5	1.5	325	98.5
Maysiye	134	5	4.7	129	96.3
Total	1249	19	1.5	1230	98.5

Source: WARDO cooperatives evaluation report, 2008, interview from key informants and own computation

The above Table shows the capacity of the cooperatives in provision of education or training to their members. Accordingly, the data analysis indicates that the cooperatives have not provided education or training to their members so far. However, finding from interview of key informants reveals that only executive cooperative member committees from each cooperative were given short training held for about seven days organized by agricultural office of the Woreda. Hence, the above Table shows short training given to the cooperative executive committees.

The short training given to the executive committees by the agricultural office of the Woreda was held two times (in 2006 and 2008). The executive committees are from management committee, control committee, loan committee and education committee. Though short- training

to the executive committee was given by the agricultural office of the Woreda, the cooperatives have not provided education such as upgrading even to the executive committees. Thus, the cooperatives are totally poor in capacity building of their members such as provision of education and training to their members.

The aim of training given to the executive committees by cooperative experts of agricultural office of the Woreda was as training of trainers. That is, the executive committees were expected to give training to the cooperative members. However, the executive committees have not given formal training to the cooperatives so far. Only awareness-creating orientation session was given to cooperative members by executive cooperative members for one day in the year 2008 so far. The type of topics covered during awareness-creating session held for one day was such as in cooperative management and accountability, financial planning, credit management, and the likes.

Having this, an assessment was made how many of the cooperative members were present in the awareness-creating session held for one day in the year 2008. This is illustrated by the following Table.

Table 4.23 Members' attendance in the awareness-creating held for one day by executive committees in the year 2008

Cooperatives	Members attendance				
	Total members	Members attended		Members not attended	
Dedebit	429	246	57.3	183	42.7
Lemlem	356	209	58.7	147	41.3
Mayferes	330	201	60.9	129	39.1
Maysiye	134	71	53	63	47
Total	1249	727	58.2	522	41.8

WARDO cooperative evaluation report 2008, key informants, and own computation

The above Table shows the cooperative members who participated and didn't participate in the awareness-creating held for one day by the executive committees. The executive committees are

those who were given short-training for seven days by cooperative experts working in the agricultural office of the Woreda.

Based on the data analysis finding indicated in the above Table, a substantial number of cooperative members didn't attend even in the awareness-creating session held for one day. For example, for Lemlem primary cooperative, only 57.3% of the cooperative members attended in the session held while 42.7% of them didn't. Similarly, for Dedebit primary cooperative, 58.7% of the total cooperative members attended in the session while 41.3% of them didn't participate. For Mayferes primary cooperative, 60.9% of the total cooperative members participated in the session whereas 39.1% of them didn't. Similarly, for Maysiye primary cooperative, only 53% of the total cooperative members attended in the awareness-creating session while 47% of them didn't attend. Even when seen for all cooperatives, only 58.2% of the total cooperative members attended in the session while 41.2% of them didn't attend.

According to the key informants and focus group discussion participants, though the cooperatives are poor in provision of education and training to their members, they expressed their belief that most of the cooperative members understand the general concept of cooperatives and the members role on the cooperatives that as business organizations are owned, managed and controlled by members without due government intervention. This is attributed to the opportunity of gaining awareness-creating orientation by the executive committees and during meeting held in the General Assembly.

Yet, all the primary cooperatives are substantially lacking education and training to their members where the majority of the cooperative members are also illiterate implying that the basic education and training about cooperatives might have not been ingrained to the cooperative members.

The majority of the participants in focus group discussion forwarded their ideas in relation to education and training as follow.

We know that frequent provision of education and training to cooperative members would enhance the knowledge and capacity of members in carrying out coordinated cooperative activities thereby enhancing the cooperatives' performance in many dimensions. However, the cooperatives are by now facing with lack of working capital, and consequently lacking operational budget for provision of education and training to their members. Hence, it is advisable for the Government and other concerned bodies to prepare long-term strategy so as to support the cooperatives in relation to education and training.

The idea of the participants is, of course, acceptable. Thus, it is plausible to provide assistance to the cooperatives by government or other concerned external organizations when the cooperatives are unable to provide education and training to their members due to the poor capacity of the cooperatives. In line with this, for instance, Esman and Upoff (1984) cited in Mesfin (2007) stated that external assistance in the form of training facilities for cooperative leaders, members, and staffs of organization is indispensable when organizations are failing to promote with their own resources.

An attempt was also made to know the educational back ground of the primary multipurpose cooperative executive members. The finding is illustrated by the following Table.

Table 4.24 Educational level of primary multipurpose cooperative executive Committee members

Cooperative	Education status			
	Chairman	Vice chairman	Secretary	Cashier
Lemlem PMPC	6 th grade	4 th grade	5 th grade	3 th grade
Dedebit PMPC	10 th grade	Read and write	9 th	6 th grade
Mayfers PMPC	4 th grade	3 th grade	4 th grade	5 th grade
Maysiye PMPC	10 th grade	Read and write	10 th grade	6 th grade

Source: Interview from the executive committee, 2008

Looking at the above Table, most of the executive committee members have attended formal schooling while the vice chairman of Dedebit PMPC and Maysiye PMPC had no formal

educating; but able to read and write. With regard to the educational level of the committees, the highest level was 10th grade. However, when they are provided adequate training and/or upgrading education, they can undertake their duties and responsibilities effectively.

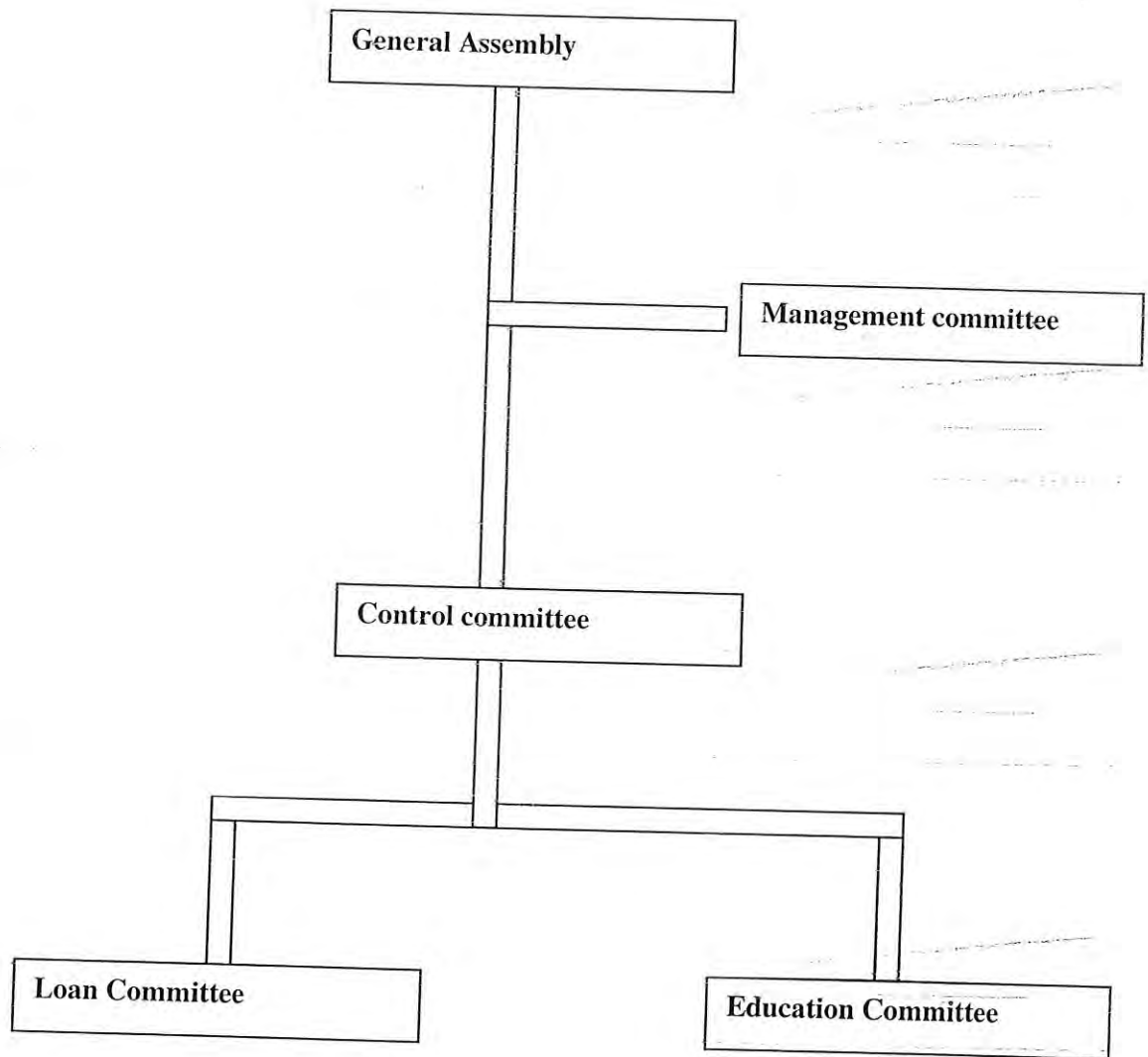
Nevertheless, as it was discussed earlier, education and training was one of the main serious issues of the cooperatives contributing to the poor performance of the cooperatives. Despite of this, the executive committees have relatively better educational level than the cooperative members.

4.3.9 Organizational capacity

For this study, organizational capacity concerns with the different cooperative organs and their capacity status to execute their mandates and duties in relation to the cooperatives by-laws approved.

According to the cooperatives (2005) by-laws, the cooperatives have different cooperative organs (executive bodies) given responsibilities to execute different cooperative activities. Having this, different cooperative executive committees were established aiming to undertake different cooperative functions and activities. By now, each primary multipurpose cooperative consists of five board executive committees. These are: General Assembly, management committee, education committee, control committee and loan committee.

Fig.4.3 Organizational structures of the primary multipurpose cooperatives



Source: WARDO cooperative evaluation report, 2008 and key informants

The General Assembly is the top decision making body, particularly with sensitive and far reaching issues. The General Assembly is mainly mandated with duties such as elect, dismiss members, approve the annual work plan and budget, approve and amend by laws and internal regulations.

The management committee is also an important organ that mobilizes the whole activities of the cooperatives such as plan and budget preparation, summing reports and loan request upon the request of the General Assembly and is accountable to it. The education committee is responsible to duties such as organize, facilitate and promote education and training of the members, committee members, and staffs. The control committee is responsible to ensure that the management committee and sub committees carry out their responsibilities, auditing and inspecting documents. The loan committee is mandated to review and evaluate loan applicants from members, recommend the detail of all applicants.

It is under the above different organizational structures that the primary multipurpose cooperatives were established. Having this, an attempt was made to assess the execution capacity of the different cooperative organizational structures (organs) depending on their mandates and duties that they are entitled to do so.

As presented above, the General Assembly is the top decision making body of the cooperatives on various cooperative sensitive activity areas. However, finding obtained from focus group discussion and key informants interview revealed that the General Assembly is not undertaking its duties effectively as members' anticipation. For example, one of the duties of the General Assembly based on the by-laws of the cooperatives is to hold meeting in four times in a year so as to evaluate, approve different cooperatives concerned areas. Yet, the General Assembly held only one times in the year 2007 and two times in the year 2008. Besides, there was no compiled report that could describe the different cooperative activities like physical report, financial report and other related cooperative activities evaluated and approved by the General Assembly.

The management committee was not also active enough though an important body. The committee couldn't undertake cooperative activities effectively such as in mobilizing the whole activities of the cooperatives like plan and budget preparation, summing reports to the General Assembly. With this regard, there was no, for example, compiled physical and budget plan reports in the way that beneficiaries can read and use it. The management committee somehow submits the physical and budget plan and reports randomly in a pieces of paper when the

General Assembly calls for meeting. Even, the management committee is also poor at mobilizing members to participate in different cooperative activity areas.

Coming to the educational committee, the committee has not brought fruitful promotion of education and training to the members and staffs so far. There was no member given training or education promoted by the educational committee of the cooperatives. Of course, this was discussed in the earlier discussion where no cooperative member was given either education or training by the cooperatives. Even the short training given to the executive committee members was organized and sponsored by the agricultural office of the Woreda. Thus, the educational committee of the cooperatives could be considered as 'ideal' at present since there was no educational promotion given to the cooperative members and staffs. Besides, there is no so far educational and training plan and documents prepared by the educational committee.

The control committee was also found to be weak in carrying out of its duties. As discussed earlier, the control committee of the cooperatives is expected to audit and inspect the cooperative activities, and report the shortfalls for further decision to be taken by the General Assembly. With regard to this, finding from key informants interview and group discussion participants also indicated that the control committee of the cooperatives had not started its duties till the year 2005. However, since the year 2006, formal auditing of cooperatives has been started. Though started, auditing of the cooperatives has been undertaken by cooperative audit experts working in the agricultural office of the Woreda. The control committee of the cooperatives undertake somehow such as preparing documents and preconditions for auditing and inspecting to be carried out by audit experts from the agricultural office of the Woreda.

However, according to the by-laws of the cooperatives, cooperative activities and related duties should be evaluated, monitored, audited, inspected and reported by the cooperatives themselves. Yet, the cooperatives are highly dependent on the agricultural office of the Woreda, particularly with issues related to auditing and inspecting.

The loan committee of the cooperatives was also poor to execute its duties effectively though a little bit better than the other cooperative executive committees for the reason that at least it

presents the loan applicants from members to the management committee to be discussed by the General Assembly. However, the loan committee for all cooperatives is weak in that the committee didn't review and evaluate the loan applicants from members in detail. For example, in evaluating the members demand particularly for fertilizer purchase versus the cooperatives financial capacity. The loan committee is also weak in reviewing and evaluating of the loan applicant members such as in identifying members who will get the loan in priority with available capital. Because of this, some disagreements appear between members and the loan committee during loan delivery process. Besides, the loan committee is weak in timely loan delivery of the applicant members, particularly for purchasing of fertilizer.

From the above discussion and finding, it appears that the performance of the cooperatives in relation to building of organizational capacity to undertake their activities is weak. This could be attributed to different reasons such as the establishment of the cooperatives could be without adequate preparation considering some of the basic cooperative values. Besides, lack of working experience of the executive committees in cooperatives and low educational level of the committees contributed to have weak organizational capacity of the cooperatives to execute its mandates and activities effective

4.3.10 Membership growth and motivation factors for membership

Membership growth

With regard to the membership growth of the cooperatives, an attempt was made to assess the members' growth trends for different years through contacting key informants focus group discussion.

Table 4.25 Membership growth of the cooperatives

Cooperative	Number of members														
	2004			2005			2006			2007			2008		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Lemlem	274	17	291	348	20	368	362	25	387	378	29	407	394	35	429
Dedebit	193	7	200	238	12	250	283	16	299	302	18	320	334	22	356
Mayferes	217	23	240	238	27	265	249	31	280	274	36	310	288	42	330
Maysiye	66	29	95	68	29	97	69	31	100	95	35	130	98	36	134
Total	750	76	826	892	88	980	963	103	1066	1049	118	1167	1144	135	1249
Total % increased	-			18.6			8.8			9.5			7		

Woreda Cooperative Desk compiled report, 2008 and own computation

The above Table illustrates the membership trend of the cooperatives for the different years. As it is shown in the above Table, the membership growth of the cooperatives has been in increasing trend for the years considered. However, the membership growth has been steady increasing. For example, when compared the total membership of the cooperatives in the year 2004 with 2005, the membership was grown by 18.6%. However, when compared the year 2005 with 2006, it was increased by about 8.8%. The membership was also increased by 9.5% in the year 2007 compared with the year 2006. Yet, the cooperatives membership was steadily increased by 7% in the year 2008 compared with the year 2007.

As discussed above, the membership growth of the cooperatives has been a steady increment. This could raise a question why a steady increasing of membership of the cooperatives. Besides, the membership growth of the cooperatives was compared in absolute terms not in relative terms such as comparing with the farmer dwellers in the study area.

Having the above membership growth of the cooperatives, an attempt was made to compare the membership of the cooperatives with the farmer household heads in the study areas. According to the key informants, those members who joined the cooperatives are farmer household heads. Thus, it would be plausible to compare the membership growth of the cooperatives with farmer household heads that are not yet joined the cooperatives in their local areas.

Table 4.26 Cooperatives membership compared with non-member farmers

Total household heads versus members	Study Kebeles				
	Lemlem	Dedebit	Mayferes	Maysiye	Average total
Total household heads	1147	1050	812	630	3639
Total members	429	356	330	134	1249
% of members	37	33	40	21	34

Source: WOFED stastical abstract, 2008, Woreda cooperative Desk compiled report, 2008 and own computation

The above Table shows the total farmers cooperative members compared with framer household heads of the study Kebeles. The data analysis indicates the farmer cooperative members are smaller than the farmers who do not join the cooperatives. For example, for Lemlem study Kebele, only 37% of the total farmer household heads have joined the Lemlem primary cooperative. Similarly, for Dedebit study Kebele, 33% of the total farmer household heads have joined the Dedebit Primary cooperative. For Mayferes and Maysiye study Kebeles, respectively 40% and 21% of the total farmer household heads have joined to the cooperatives of Mayferes and Maysiye primary cooperatives. Besides, looking at average total for all study Kebeles, only 34% of the total farmer household heads have joined the cooperatives.

The finding from the above data analysis showed that there are still substantial numbers of farmers who have not yet joined the cooperatives available in their local areas. This implies the membership growth of the cooperatives has been low for the years considered.

Meanwhile, contact was made with focus group discussion of non-member farmers why they are not joined the cooperatives available in the local areas as membership. Some of them said that the reason was due to the cooperatives were not strong enough to provide service, particularly in relation to fertilizer supply where the cooperatives have mainly engaged. Besides, some of them claimed the cooperatives were poor in different service provision and at same time were not profitable at the beginning of the years where they were not also attractive for memberships. Nevertheless, they said that the non-member farmers are ready to join the cooperatives available

in their local areas in the time when the cooperatives show improvements in different activities such as provision of service, profit making and distribution of dividend payments.

Motivating factors for membership of cooperatives

In connection to this, survey respondents were asked what motivated them to become cooperatives membership. The survey finding is shown by the following Table.

Table 4.27 Factors motivating for membership of cooperatives

Motivating factors	Frequency	Percent
Government influence	-	-
Earlier cooperative membership initiation	25	17.9
Own interest and aspirations for cooperatives	41	29.3
Dividend share of earlier cooperative members	25	17.9
Cooperatives provision of services	22	15.7
Cooperative leaders	27	19.2
Total	140	100

Source: Survey data, 2008

The above Table shows the different motivating factors contributing to the cooperative members to become membership of the cooperatives. As shown in the above Table, relatively the important motivating factor to become members of the cooperatives was own interest and aspirations for cooperatives which accounted for 29.3%. The second motivating factor for membership of cooperative members was due to the mobilization of cooperative leaders accounting for 19.2%. The next motivating factors were earlier cooperative members' initiation and dividend share of earlier cooperative members accounting for 17.9% and 17.9% respectively. While cooperatives provision of services shared 15.7%. But, no government influence was observed as factor to become membership of cooperatives.

However, it should be understood that though relatively own interest and aspirations for cooperatives was noted as important factor, the rest factors had also their own contributions for cooperative members to become memberships. This implies that there was no a governing

motivating factor to become membership of the cooperatives. Nevertheless, one important lesson can be drawn from the survey data finding. That is, there was no government influence for cooperative members to become membership indicating that membership is open and voluntary in the study area.

4.3.11 Job creating- opportunity

Well performing cooperatives could induce an employment creating-opportunity either self-employment for their members or who are not necessarily cooperative members. In line with this, Moser (1996) noted that cooperatives create jobs and improve the living conditions of people across the World. Thus, the job creating-opportunity of cooperatives could be considered as one of the cooperatives performance indicators. Therefore, it is plausible to assess the job-creating-opportunity of the cooperatives under consideration.

With this regard, contact was made with key informants in connection to the hired people by the cooperatives so far.

Table 4.28 Hired people so far by the study cooperatives

Cooperatives	Present capacity of cooperatives to hire	Number of hired people so far	
		Number	Percentage
Lemlem	12	2	16%
Dedebit	12	2	16%
Mayferes	12	2	16%
Maysiye	12	2	16%
Total	48	8	16%

Source: Interview from executive cooperative committees, 2008

As the above Table exhibits, the total number of hired people so far in the cooperatives is eight. The hired people are from the cooperative members. The hired people for all cooperatives are shopkeepers and cashiers. According to the executive committees, based on the by-laws of the cooperatives approved by the General Assembly, the present capacity of the cooperatives to hire people is 48 being 12 for each cooperative. Nevertheless, the hired people so far in the

cooperatives are 8 (16%). This indicates the cooperatives are still yet to create job opportunity for their members and communities even compared the present capacity of the cooperatives.

In line with this, Areaya (2005) noted that about 16 multipurpose cooperative unions in Tigray Region create a job opportunity only to 861 persons in the year 2005 indicating that the job creating-opportunity even for cooperative unions in the Region is at low level.

4.3.12 Cooperative members' livelihood

Since the concept of "livelihood" is wide in scope, indeed comprises many dimensions, the paper was confined to come up with some basic aspects of livelihood such as assets including livestock and other living conditions scenarios. Thus, cooperatives performance in relation to the cooperative members' livelihood was assessed in such away that the members possessing the livestock and related assets and their living conditions status because of joining the cooperatives as membership.

Ownership of assets

As it is highlighted in several studies of rural livelihoods, one way of knowing livelihood of rural farmer cooperative members is assessing their livestock and related assets. In connection to the asset ownership, the survey respondents were asked whether their cooperatives contributed to increase livestock or not. Were asked like Do you think that your livestock and related assets are increased because of your cooperative contribution?

Table 4.29 Contribution of cooperatives to their members in owing of livestock

Particulars	Survey respondents' response					
	Have contribution	%	Have no contribution	%	Total	Number
Livestock	18	12.9	122	87.1	140	4
Hens	14	10	126	90	140	30
Honey bee colony	9	6.4	131	93.6	140	9
Agricultural implements	26	18.6	114	81.4	140	26
Average total	17	12.1	123	87.9	140	

Source: Survey data, 2008

The above Table illustrates response of the survey respondents towards whether their cooperatives contributed to the increment of their livestock or not. Accordingly, the survey data analysis shows that the cooperatives had no contribution to the majority of the cooperative members in increment of their assets under consideration.

For example, when looked at the livestock increment, only 18(12.9%) of the respondents reported that their cooperatives had somehow contribution on increment of their livestock assets. But, from the 18 respondents only 4 of them were able to buy 4 livestock such goats. The remaining 14 respondents reported with the following context. For example, if the price of a goat is say 250 Birr, the contribution of the cooperatives to its member in buying of the goat could be 40 Birr or 30 Birr. It is, therefore, with this context that the 14 respondents who reported their cooperatives have little contribution on livestock due to dividend payments other benefits obtained from their cooperatives. While 14(10%) of the respondents reported their cooperatives had contribution to buy 30 hens. Similarly, only 9 (6.4%) and 26 (18.6%) of the respondents reported they bought 9 honey bee colonies and 26 agricultural implements (Mareasha) respectively attributed to dividend payments and other benefits obtained from their cooperatives.

When seen the average total for all assets mentioned in the above Table, only 17(12.1%) of the survey respondents reported that their cooperatives had somehow contributions to their assets increment; while the majority of them 123 (87.9%) reported their cooperatives had no contribution on increment of their assets. Thus, from the above data analysis finding, it can be said that the cooperatives contributions to their members in relation to possessing of different assets such as livestock was poor.

Living conditions of cooperative members

To examine changes in their living conditions, were asked whether their cooperatives contributed to their living standards or not. Thus, the survey respondents were asked like Do you think being membership of your cooperative contributed to improve your living conditions?

Table 4.30 Changes in living conditions of cooperative members

Particulars	Survey respondents'				
	response				
	Yes	%	No	%	Total
Able to send children to school and cover educational expenditure	6	4.3	134	95.7	140
Able to cover household expenditures and furniture	12	8.6	128	91.4	140
Changing a house from hut to corrugated sheet roofing	4	2.9	136	97.1	140
Use of health services	8	5.7	132	94.3	140
Renewing the existing house	14	10	126	90	140
Access to use pit toilet	2	1.4	138	98.6	140
Improving to household feeding system	10	7.1	130	92.9	140
Average total	8	5.7	132	94.3	140

Source: Survey data, 2008

The above Table portrays d the contribution of the cooperatives to their members living conditions. In other words, cooperative members were asked whether their cooperatives have contributed somehow to their living conditions improvement or not. Accordingly, the data analysis finding showed that the contributions of the cooperatives in improvement of members living conditions was very little or insignificant where only very few members reported that their cooperatives had somehow little contribution to their living conditions under consideration.

For example, in relation to sending children to school and covering educational expenditure, only 6 (4.3%) of the survey respondents said that their cooperatives had somehow little contribution; while the majority 134 (95.7%) of them declared didn't contribute. Looking at the household expenditure and furniture purchase, 12(8.6%) of the respondents replied that their cooperatives had little contribution on covering household expenditure and purchase of furniture; whereas the remaining 128 (91.4%) of them said had no contribution. Similarly, only 4 (2.9%) of the respondents reported their cooperatives had somehow little contribution on changing a house from hut to corrugated sheet roofing; while the majority 136(97.1%) of them replied didn't

contribute. In connection of health use service, 8 (5.7%) of the respondents said their cooperatives had little contribution; the remaining 132 (94.3%) reported had no contribution.

In relation to renewing of the existing house, 14 (10%) of the respondents replied their cooperatives had little contribution; but 126 (90%) of them said didn't contribute. Besides, only 2(1.4%) of the respondents reported that their cooperatives had some contribution to use access to pit toilet; whereas the majority 138(98.6%) of them reported didn't contribute. Similarly, 10(7.1%) of the respondents replied that their cooperatives had little contribution on household feeding system; the remaining 130(92.9%) of them declared their cooperatives had no contribution on improvement of household feeding system.

Even looking at the average total for all living condition scenarios of the members, only 8 (5.7%) of the survey respondents said that their cooperatives had somehow little contribution on their living conditions improvement; whereas the majority of 132(94.3%) of them declared that their cooperatives had no contribution on improvement of their living conditions. However, it should be also noted that the members who reported their cooperatives had little contribution on their living conditions didn't mean that it is because of their cooperatives purely contribution they added value to their living conditions. For example, if the cost of constructing of pit toilet is say 2500 Birr, the contribution of the cooperative to its member could be 50 Birr or 75 Birr attributed to such as dividend payments or other benefits obtained from the cooperative. Similarly, for example, if the cost of renewing a house is say 4500 Birr, the contribution of the cooperative to its member in renewing of the house could be 100 Birr or 150 Birr. It is with this context that the cooperative members who reported their cooperatives have little contribution for all living condition scenarios indicated in the above Table.

Thus, the survey finding shows that the cooperatives are poor at improving of their members living conditions where only very few of the cooperative members reported that their cooperatives had somehow little contribution on their living conditions with the above context. However, it should be understood that those cooperative members who reported that their cooperatives had little contribution on their living conditions is in specific season or months of the year, particularly during dividend distribution of the year.

In other words, the contribution of the cooperatives on the living standard of members is not in the way that the members could guarantee their living standards in sustainable way. Therefore, the respondents who reported their cooperatives had little contributions to their living conditions were also to mean in specific season; it could be also in one month of a specific year of dividend payment distribution.

The participants of focus group discussion also underlined that the cooperatives have not yet brought changes in living standards of their members. They added that very few cooperative members who joined the cooperatives earlier have got some contribution from their cooperatives in buying of some cattle and contributions to their living conditions during specific season or month of a year attributed to the dividend payments, getting technology inputs such as drip irrigation and motor pump for irrigation purpose.

An attempt was made to assess the contributions of the cooperatives on the livelihood of the cooperative members considering livestock and related assets and some aspects of living conditions scenarios. Accordingly, both the survey finding and focus group discussion result revealed that the cooperatives have not yet brought changes of living standard of their members implying that the cooperatives performance in relation to improving of living standard of their members is poor.

4.4. Factors affecting the performance of the cooperatives

4.4.1 Government intervention

Different studies indicated that direct government intervention on cooperatives and its activities result in failure of cooperatives. That is, the intervention of government could lead to reducing member participation and control on their cooperatives. Hussi et al (1993) cited in Mesfin (2007) for example, argued, in Sub-Sahara Africa, the interventionist policy of government was counterproductive reducing member participation and control. According to Mesfin (2007), this has impaired the flexibility required for running of the cooperatives as business enterprises.

However, government intervention in some aspects of cooperative activities, particularly during weak organizational capacity of the cooperatives to undertake its activities could be considered as worthy. In other words, genuine support of government to cooperatives when failed or unable to promote its activities due to different constraining reasons could be seen as positive moral to cooperatives. In connection to this, for example, Ignance (2004) stated that government support might take the form of enabling legislation, charactering services and perhaps financial assistance that encourage savings and open access to commodities and markets.

Findings from focus group discussion and key informants indicate that the intervention of government in some of the cooperative activities is positive; whereas the intervention of government in some of the activities negates the performance of the cooperatives.

The positive support of government is related to the provision of credit services to the cooperatives through revolving fund and CBE. Of course, this was discussed in detail in the earlier session of credit service of the cooperatives. As it was discussed, the cooperatives are poor at financial capacity to provide different services to their members such as in purchasing of fertilizer. However, the cooperative are highly subsidized through loan guarantee of government from CBE and through revolving fund of the Region though it is no sufficient enough to undertake the cooperative activities.

Besides, the attempt of the government to support the cooperatives in helping some of the duties of the cooperatives was also noted as positive support. For example, the support of the government in auditing of the cooperatives activities by cooperative experts working in the agricultural office of the Woreda was genuinely accepted by the cooperatives though as mandate is to be carried out by the control committee of the cooperatives. Moreover, the attempt of the government to provide short-training to the executive committee of the cooperatives via cooperative experts working in the agricultural office of the Woreda could be other positive support of government to the cooperatives. With this regard, for example, the executive committees for all cooperatives were given short-training held for seven days two times in different fiscal years.

However, though the intervention of government in some of the cooperative concerned activities was considered as positive support, the intervention in some cooperative activity areas has affected the performance of the cooperatives. This was particularly observed the intervention of the local government in cooperative activities of incense and sand production. It was discussed in the earlier section that the involvement of the cooperatives in the production of these resources been the most important activity of the cooperatives particularly for Dedebit, Mayferes and Maysiye primary cooperatives contributing to the profitability and dividend payments of the cooperatives.

Even the lion share of profit and dividend payments for these cooperatives has been due to the involvement of the cooperatives in the production of these local resources. However, having the cooperatives such attractive profit and dividend payments to their members, the local government ordered the cooperatives to cease in the production of these local resources, instead favoring to the youth organized under small and micro scale enterprises. This, in turn, has highly affected the performance of the cooperatives in relation to the profitability, capital creation and dividend payments.

Because of the decision made by the local government, most cooperative members were disappointed. Consequently, many members despaired about their cooperatives fates for future. The participants also underlined that if the local government is not voluntary to re-arrange the "evil decision", withdrawal of cooperative members is inevitable and the "sustainability" of the cooperatives will be also questionable.

Therefore, regardless of some of positive government intervention, it could be argued that the negative intervention seemed to have eroded the positive contributions and affected the performance of the cooperatives, particularly in profit making, capital creation and dividend payment distributions of the cooperatives.

4.4.2 Lack of credit services and capital

It was found that the study primary cooperatives were highly dependent on meager credit service provided by government loan through revolving fund and from CBE, particularly for fertilizer

purchasing. Though the government provided credit service through loan scheme to the cooperatives, it was also found to be insufficient for the cooperatives so as to undertake different cooperative activities even for fertilizer purchasing. As the result, the cooperatives have been unable to provide adequate credit services to their members. Besides, members blame to their cooperatives for their failure to provide timely credit services provided through the loan scheme of government, particularly for fertilizer purchase.

Moreover, the cooperatives have not been able to create capital that could mobilize the activities of the cooperatives. With this regard, it was found from the participants of focus group discussion and key informants that due to lack of capital the cooperatives are not in situation to undertake their activities. For example, most of the cooperatives could not carry out activities such as grain marketing, consumer commodities and the likes.

Because of shortage of credit service and lack of capital, the cooperatives have not yet fully involved in different cooperative activity areas. As the result, the cooperatives have ceased in the involvement of grain marketing. Besides, though some of the cooperatives have involved in consumer commodities, they could not provide adequate and differentiated goods timely to their members. Consequently, many cooperative members are not customers of their cooperatives. This contributed to create gap of marketing interaction and channel between the cooperatives and members.

Thus, lack of credit services and capital negates the performance of the cooperatives in mobilizing of the whole activities of the cooperatives. In addition, the cooperatives are unable to provide credit services to their members for non- agricultural inputs so far. The cooperatives are somehow in situation to provide credit services to their members for fertilizer purchase attributed to the credit obtained from loan scheme of the Regional Government through revolving fund and CBE though it is insufficient.

4.4.3 Lack of education and training

As indicated in the literature part, education and training is one of the basic principles of the cooperatives. Therefore, member-based cooperatives crucially depend on the members' basic

understanding of their cooperative activities. This can be materialized through provision of education and training to members and staffs of cooperatives.

It was discussed that the performance of the cooperatives in providing education and training to the members and staffs was poor. Only the executive cooperative committees were given short training two times so far held for seven days which was organized by agricultural office of the Woreda. However, the cooperative members have been given even short training so far neither by their cooperatives nor by other concerned bodies such as agricultural office of the Woreda.

As it was revealed, only shallow awareness-creating orientation was given for one day to the cooperative members so far by the executive committees who were given short training by the agricultural office of the Woreda. Even with this regard, a substantial number of cooperative members were not present at the meeting held for one day. Thus, this indicates the cooperative members are substantially lacking the basic education of the cooperative principles.

Besides, it was revealed that the educational back ground of the executive cooperative committees is poor where the majorities of the cooperative members are also illiterate and very few of them are only able to read and write. Therefore, having this poor educational back ground of members, it is not questionable that the members are in need of getting education and training. However, provision of education and training to cooperative members by the cooperatives or other concerned bodies was found to be absent or poor.

Because the absence of education and training provision by cooperative to members, the members could not clearly understand their rights and responsibilities depicted in the cooperatives legal framework. As the result, members couldn't defend their rights and protect abuses effectively. Of course, as it was noted in the earlier discussion part, this was also witnessed by participants of focus group discussion and key informants.

From the above discussion, it could be argued that lack of education and training has affected the performance of the cooperatives, particularly for further progress of the cooperatives and mobilization of members.

4.4.4 Poor marketing interaction and absence of cooperative union

According to Tesfaye (2005), improved marketing strategies are needed to maximize members' dividends and members different services supply to cooperatives upon request. In other words, when there is more interaction between members and cooperatives in selling and buying of commodities, the sense of ownership by members will be greater.

With regard to marketing, a survey was conducted to assess whether the cooperative members sell their agricultural produce to their cooperatives when needs arise. The finding is revealed by the following Table.

Table 4.31 Marketing outlets of the cooperative members

Marketing particulars	Frequency	Percent
To their cooperatives	-	-
To other cooperatives	-	-
To public markets	133	95
To private traders	7	5
Total	140	100

Source: Survey data, 2008

The above Table presents the response of the survey respondents towards selling of their agricultural produce to the marketing particulars when needs arise. As presented in the Table, the survey finding reveals that the majority the cooperative members 133 (95%) of them reported that they sell the agricultural produce during needed time to public markets; only 7 (5%) of them said that they sell to private traders. On the other hand, there were no cooperative members who sold their agricultural produce like grains to their cooperatives or other cooperatives when needs arise to sell. This implies that the marketing interaction in selling and buying of grains between the cooperatives and members is poor. However, it has been argued in many literatures that creating marketing channel between cooperatives empowers the bargaining power of members and organizational capacity, particularly in forming capital and members participation in different cooperative activities.

Meanwhile, contact was made with key informants about issues related to the marketing situation of the cooperatives. The result obtained from the participants revealed that there is no marketing interaction between the members and the cooperatives so far. However, few members used to sell their grains to their cooperatives four years ago, particularly in cooperatives like Lemlem and Dedebeit.

Though cooperatives like Lemlem and Dedebeit involved to some extent in delivering of grains from few of their members, they ceased soon due to different reasons. One of the reasons was due to the encounter of loss attributed to low and unstable prices. The other reason was associated to the shortage of capital to cope with outside market being in low and unstable prices situation. As the result, those few members who used to sell their grains frustrated to continue selling to their cooperatives. Moreover, it was discussed in the earlier discussion that only very few members purchase consumer commodities sometimes from their cooperatives. This also indicates that the marketing interaction between members and their cooperatives is still poor.

On top of the above issues related to marketing, finding from the key informants showed that there is no cooperative established at the union level in the study Woreda even near by Woredas. Of course, this was also confirmed during the earlier discussion that there is no cooperative union in the Woreda where the marketing interaction of the cooperatives, particularly in fertilizer purchasing is facilitated through communication of Enderta Union which is located near to Mekelle.

According to the key informants, the absence of cooperative established at union level in the Woreda even in the near by Woredas has affected the performance of the cooperatives in many dimensions. For example, it affected in the facilitation of the cooperatives in provision of different services such a credit provision, timely fertilizer provision and different agricultural inputs provision to the cooperatives. Besides, the absence of cooperative union in the Woreda affected to form strong marketing interaction in different cooperative activities between members and the cooperatives; for instance, in selling and purchasing of grains and consumer commodities. As whole, the absence of cooperative union in the study area contributed to have

poor organizational capacity of the primary cooperatives so as to run their activities, consequently leading to the poor performance of the cooperatives.

From the above discussion, it appears that the absence of cooperative union in the study Woreda even in the near by Woredas and the poor marketing interaction between the cooperatives and members negatively affected the performance of the cooperatives in many dimensions.

4.4.5 Poor leadership and low cooperative members participation

According to Pichai (2005), managerial cooperative as function is relevant to the entire organization, so every management member of the entire cooperative should perform the management function. Thus, the management committee is one of the most important organs of cooperative in mobilizing, organizing and facilitating of different types of cooperative activities. Besides, the participation of cooperative members depends on the activation of the management body of cooperative.

With regard to management aspect of the cooperatives, contact was made with focus group discussion participants and key informants. The result from both sides revealed that the management body (management committee) is poor to mobilize and coordinate different cooperative concerned activities. According to them, the management committee is not effective to undertake different activities such as mobilizing of members to participate in different cooperative activities and meeting, in preparation of long plan of cooperatives in the way that the cooperatives' future fate depicts, in preparation of cooperative activities report, and summing timely report to concerned bodies such as to the General Assembly etc. Of course, this was also witnessed during the earlier discussion of organizational capacity of the cooperatives that the management body of the cooperatives was found to be poor to execute its duties effectively.

The participants also continued to describe, for instance, by mentioning that the management committee of the cooperatives is expected to hold meeting for cooperative members at least once a month based upon the approval of the cooperatives bylaws to address different cooperative issues. However, the management committee has not come so far to hold meeting once a month. But, the management committee held meeting irregularly; Sometimes once in four months or in

six months or once in a year. There is also a situation that the management committee does not hold meeting completely even once a year.

Despite such irregular meeting held, the participants even expressed their belief that the meeting held had no that much input for further cooperatives progress. According to them, it is like 'meeting for nothing.' Moreover, the management body of the cooperatives is also weak to prepare timely meeting schedule to be held by the General Assembly. Besides, as it was discussed in the earlier discussion, the management committee of the cooperatives was poor to mobilize members in order to participate in different cooperative activities such as in purchasing of consumer commodities and grain marketing.

On other hand, an attempt was made to assess the participation of cooperative members on some of the important cooperative issues. According to Moser (1996), the motivation of cooperative members and their active participation is another important element as the active participation of members in the management of cooperatives is likely to reduce costs and to enhance cost-effectiveness, and facilitate capital mobilization. From this, it can be realized that the management body of cooperatives has something to do with issues related to participation members. Participation encompasses such as members' involvement in decision making of different meetings (particularly in General Assembly meeting), inclusion of members in drafting cooperative bylaws and other different cooperative activities.

Among the different meetings held by the cooperatives, the meeting held by the General Assembly is the most important one where different issues related to the cooperative activities are discussed, revised and approved. Having this, the survey respondents were asked about their participation in the meeting held by the General Assembly.

Table 4.32 Extent of participation of members during meeting held at the General Assembly

Particulars	Frequency	Percent
Always attend	13	9.3
Mot of time attend	24	17.1
Sometimes attend	63	45
Never attend	40	28.6
Total	140	100

Source: Survey data, 2008

The above Table shows the response of the survey respondents towards their participation extent during meeting held by the General Assembly. Accordingly, the data analysis reveals that the extent of participation of members in the meeting held by the General Assembly is poor. For example, from the survey respondents, only 13(9.3%) of them reported that they always attend in the meeting; while 24 (17.1%) of them said they attend most of time. Likewise, 63 (45%) of the survey respondents replied that they attend sometimes; and the remaining 40 (28.6%) of them reported that they never attend the meeting held by the General Assembly so far.

From the above data analysis and discussion, it can be realized that the majority of the survey respondents have no the habit of attending always during the meeting held by General Assembly. However, it should be understood that the General Assembly meeting is where many discussions about cooperative issues including far-reaching sensitive issues are raised and discussed.

Thus, the absence or sometimes attending of the members in the meeting held by the General Assembly would affect the cooperatives for further progress in many dimensions. For example, it would affect the cooperative members in the involvement and participation of different cooperative activities such grain marketing, consumer commodities and etc in their cooperatives. Besides, the members would lack update information discussed in the meeting. This, in turn, would affect to mobilize the different cooperative activities as anticipated. On top of this, the members would lack detail knowledge about the cooperative principles and values because these issues are also discussed in the General Assembly meeting.

Meanwhile, were asked the survey respondents whether they participated directly or indirectly through their representatives in drafting the bylaws of their cooperatives. Accordingly, the survey data indicated that only 24(17.1%) of them said that they participated directly or indirectly through their representatives in drafting the bylaws of their cooperatives. However, the majority of the respondents 116(82.9%) declared they didn't participate. This could indicate that the majority of the cooperative members would lack detail knowledge of their cooperatives' bylaws. This, in turn, would also affect the cooperatives to undertake their activities effectively; because cooperatives are members-controlled organizations where without the participation of members, the cooperatives couldn't run different cooperative activities in the way they need.

In connection to the management aspects of the cooperatives and participation of cooperative members, discussion with focus group and interview with key informants was also undertaken. Accordingly, the finding from both particulars was also consistent with the survey finding where they underlined that the poor management aspects of the cooperatives and low participation of members in different cooperative activities has its own contributions to the poor performance of the cooperatives.

4.4.6 Favoritism and nepotism

According to AMEFIs (2006), the cooperative values adopted by ICA such as openness, social responsibility, honest and caring for others are important aspects of cooperatives to be considered for further cooperatives progress. Thus, the absence of these values and/ or one of the values obviously constrains the performance of the cooperatives. In line with this, Mésfin (2007) also noted that in an organization involving group membership, it is plain truth that lack of honesty and openness will trigger favoritism and embezzlement.

With regard to favoritism and nepotism, discussion with focus group and interview with key informants was carried out. In relation to favoritism, finding from sides revealed that there has been seldom occurrence in all cooperatives, particularly in credit service opportunity given to relatives by the cooperative leaders in earlier times. According to the key informants, there were 48 and 54 cooperative members from all cooperatives in the year 2005 and 2006 respectively that were given credit services favored by the cooperative leaders, particularly for fertilizer

purchasing. This has led to create disputes and disagreements between the cooperative leaders and members. Because of such problems, many cooperative members were reluctant to participate in different cooperative concerned activities including in the participation of meeting held by General Assembly.

Besides, the key informants said that there has been also quarrel among the cooperative leaders themselves because of favoritism. However, this has been minimized latter due to the replacement of the cooperative leaders (executive committees) by other elected committee members approved by the General Assembly. Though favoritism is minimized, there is still seldom occurrence committed by the cooperative leaders.

In connection to nepotism, the participants underlined that it is relatively rampant than favoritism affecting the performance of the cooperatives. According to the key informants and group discussion participants, for example, two executive committees (one chairman and one secretary) were dismissed from membership in Dedebit primary cooperative in the year 2005 because they were found to be corrupt contributing to the loss of 12,000 Birr. Similarly, two executive committees (one chairman and one vice chairman) who were newly elected also dismissed from membership of Dedebit primary cooperative in the year 2007 due to same reason for loss of 10,000 Birr.

Moreover, one executive committee (cashier) was also dismissed from membership in Mayferes primary cooperative in the year 2006 due to corruption for the loss of 5,235 Birr in the cooperative. Though replaced by another cashier, the newly appointed cashier was also found to be corrupt for the loss of 3,846 Birr in the year 2007 in Mayferes primary cooperative. Besides, such problems were also observed in Maysiye and Lemlem primary cooperatives though the degree of occurrence varied. For example, one cashier was dismissed from membership of Lemlem primary cooperative in the year 2005 due to the corruption of 2,587 Birr. Similarly, one vice chairman was found to be corrupt for the loss of 2,493 Birr in Maysiye primary cooperative in the year 2006 and also dismissed from membership.

It can be understood from the above findings and view of key informants and focus group participants that nepotism has been relatively rampant than favoritism. This has affected members' aspirations towards their cooperatives. Because of the occurrence of favoritism and nepotism, there is appearance of disputes among the cooperative leaders themselves and between members. Thus, it is clear that the presence of such problem in the cooperatives would affect the cooperatives to mobilize and undertake different cooperative activities for further progress.

According to Alemayouh (1993) cited in Mesfin (2007), in Ethiopia case where cooperatives have their own problems, administration of several functions will be difficult and complicated where training and skills are lacking, and the misuse of funds will be inevitable if there is no proper keeping or the leadership is corrupt. The above concept seems to have hold truth that being the cooperative leaders poor in educational background, lacking training skills and cooperative working experiences would lead them to misuse and corrupt.

In relation to favoritism and nepotism, the idea of focus group participants was comprehensively described as follow.

The absence of salary for the executive cooperative committees (leaders) may influence their commitment towards their cooperatives. But, once they are elected by the members approved by the General-Assembly, they have to do their duties and responsibilities effectively. Nevertheless, the misuse and corruption committed by the cooperative leaders who led to the loss of money of the cooperatives was despairing for the members. If this unethical moral continues, the performance and sustainability of the cooperatives will be deterred soon. Consequently, the withdrawal of members from their cooperatives will be also inevitable.

Of course, key informants such as cooperative officials working in agricultural office of the Woreda agreed on the idea of the focus group participants. According to them, this is due to the reason that there is no so far confirmed bylaw or regulation for salary of the cooperative leaders.

The idea of the focus group participants clearly connoted with the cooperative values described in the literature that honesty, social responsibilities, caring for others, and openness are crucial for the existence and performance of cooperatives. Despite the existence of favoritism and

nepotism in the cooperatives, the participants appreciated to the General Assembly for taking actions timely on the corrupt and unethical cooperative leaders and replacing by others.

4.4.7 Cooperative members' opinions towards their cooperatives

Members' opinions towards their cooperatives are helpful to understand the perception and attitudes of members regarding their membership. Thus, opinions of cooperative members matter for self-sustainability of cooperatives. Opinions of members towards their cooperatives could also indicate whether the basic cooperative principles are ingrained to the cooperative members or not.

Having this, survey respondents were asked about their opinions towards their cooperatives. Opinions were measured according to the levels on how they agree with the statements below. The choices included strongly agree, agree, disagree and strongly disagree.

Table 4.33 Members' opinions towards their cooperatives given the positive statements

No	Statements	Strongly agree	Agree	Sub- total		Disagree	Strongly disagree	Sub-total		Total
1	I am of importance to the cooperative	25	68	93	66%	39	8	47	34%	140
2	Every members' participation is significant to the group	15	87	102	73%	32	6	38	37%	140
3	It would be helpful that each member express their thoughts during the meeting	24	84	108	77%	29	3	32	23%	140
4	There is a need leadership training among the officers of the cooperatives	21	73	94	67%	40	6	46	33%	140
5	Our cooperative has bright future	22	46	68	49%	62	10	72	51%	140
6	Every member of the cooperative is treated equally	12	60	72	51%	49	19	68	49%	140
7	My cooperative helps me become more responsible	7	78	85	61%	51	4	55	39%	140
8	All members are expected to participate in the activities of cooperatives	16	69	85	61%	50	5	55	39%	140
	Average total	18	70	88	63%	44	8	52	37%	140

Source: Survey data, 2008

The above Table illustrates the opinions of the survey respondents towards their cooperatives given the positive statements of the cooperative aspects. The result showed that most of the

cooperative members agreed or strongly agreed on the positive statements. However, there are also unavoidable cooperative members who disagree or strongly disagree with the given positive statements.

For example, looking at the average total of all the positive statements, about 88(63%) of the total respondents reported that they have positive opinions regarding their membership. Whereas 52(37%) of them said that they have no positive opinions about their membership.

Table 4.34 Members' opinions towards their cooperatives given the negative statements

No	Statements	Strongly agree	Agree	Sub -total		Disagree	Strongly disagree	Sub-total		Total
1	It is better to work than to attend the meeting	5	45	50	36%	85	5	90	64%	140
2	It is so hard to wait for the expected income of the cooperative	7	56	63	45%	71	6	77	37%	140
3	Attending /being present/ in the meeting is just a waste of time	8	59	67	48%	65	8	73	52%	140
4	The cooperative will not brig significant change in my life	12	72	84	60%	50	6	56	40%	140
	Average total	8	58	66	47%	68	6	74	53%	140

Source: Survey data, 2008

The above Table illustrates the attitudes of members towards their cooperatives given the negative statements of cooperative aspects. The data analysis showed that some of the cooperative members have negative opinions regarding their membership; while others have no negative opinions regarding their membership. For example, for the average total of the given negative statements, about 66(47%) of the respondents declared that they agree or strongly agree

given the negative statements of cooperative aspects; whereas the remaining 74(53%) of them reported they disagree or strongly disagree with the negative aspects of the cooperatives. This also implies that there are still a sizable number of cooperative members who have no good opinions regarding their membership.

Meanwhile, discussion in the focus group and interview with key informants was undertaken in relation to the opinions of the cooperative members. Accordingly, participants in both particulars reached at consensus that there are still many cooperative members who have no positive opinions towards their cooperatives.

The finding from the survey data analysis and participants of both focus group and key informants reveals that there are unavoidable numbers of cooperative members who have negative opinions regarding their membership. This could affect the cooperatives to mobilize members to participate in different cooperative activities. Thus, from the above discussion and finding, it can be argued that the presence of negative opinions of cooperative members regarding their membership could be considered as important factor that affect the performance of the cooperatives for further progress.

CHAPTER V

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

It was well stated in the literature part that cooperatives having good performance play important role on the livelihood of millions of people in the World, where some cooperatives are performing better than some governmental and private organizations. In Ethiopia, some evidences show (also highlighted in the literature) that the importance of farmers primary multipurpose cooperatives is well recognized. As the result, a substantial number of farmers are organized under these cooperatives so as to drive their livelihoods. Having this, the Government of Ethiopia has also established comprehensive cooperative societies' proclamation.

The study tried to assess the performance of farmers primary multipurpose cooperatives in Tigray Region: the case of Asgedetsimbla Woreda. The cooperatives are poor in provision of different agricultural inputs such as provision of fertilizer, improved seeds, agricultural technology inputs and agrochemicals to their members where the demand of the members for all these inputs is by larger greater than the supply of the cooperatives. The cooperatives are also poor in provision of credit services to their members though the cooperatives to some extent provide for purchasing of fertilizer due to the loan scheme obtained from the Regional Government. But, the cooperatives have not provided credit services so far to their members for non- agricultural inputs to fulfill their households' needs.

Likewise, the cooperatives are poor in making profit, dividend payments to their members and in creation of capital. When seen the trend, it has been decreasing for some of the years and steadily increasing for the rest years comparing in absolute terms. The lion share of profit, dividend payments and capital of the cooperatives has been obtained from the production of incense and sand comparing with other sources. Only very few members have the access to obtain some dividends from their cooperatives so far. Because the cooperatives are poor in-creating capital, they could not mobilize and undertake effectively the whole cooperative activities. As the result, the cooperatives are dependent on external financial support even to undertake some of the main activities such as fertilizer supply to their members.

The finding of the study also indicates that the organizational capacity of the cooperatives is weak. This impeded the cooperatives' capacity to undertake their activities thereby address the needs and aspirations of members. For example, the management body is weak to mobilize members and carry out different cooperative activities such as planning, reporting, budgeting, arranging meeting schedules and other related activities. The control committee is also found to be weak in carrying out of it duties. Auditing and other inspecting related activities are undertaken by cooperative experts working in the agricultural office of the Woreda. Likewise, the educational committee is weak in carrying out its duties such as preparation of long plan of education and training programs even short training to its members and staffs. Moreover, the loan committee is poor at delivering of loan applicant members and revising of loans, and timely loan provision and preparing financial reports. Even the General Assembly which is the most important body of the cooperatives is not able to address the different meeting schedules to its members based upon the approval of bylaws the cooperatives so as to discuss different cooperative sensitive issues.

The cooperatives are poor at creating-job opportunity either self-employees for the cooperatives or the community people. From the present potential of the cooperatives to hire 48 people approved by the General Assembly, only 8(6%) are employed so far. The employees are cashiers and shopkeepers. However, due to the frequent occurrence of corruption committed by cashiers and shopkeepers, there is a tendency of the cooperatives to close their shops reaching at consensus of saying no need of hiring people.

Furthermore, the study indicates that the cooperatives have no contribution on improving of living conditions of the majority cooperative members and only have little contributions on few cooperative members attributed to the dividend payments and other some benefits obtained from their cooperatives. Besides, only few cooperative members are able buy some livestock such as goats, hens, and agricultural implements such as Maresha.

As whole, the finding suggested that the performance of the cooperatives in all rounds is at poor level. Moreover, the study also identified that there are many factors that affect the performance of the cooperatives in many dimensions. Some of the major factors affecting the performance of

the cooperatives are: lack of credit services, lack of capital, government intervention, lack of education and training provision, poor marketing interaction between members and the cooperatives and the absence of cooperative union in the Woreda, poor leadership and low members participation, favoritism and nepotism, and the presence of negative opinions of members regarding their cooperatives. Therefore, it can be argued that although considerable importance of the government has placed on the cooperatives, the study has ended up with poor level of performance of the cooperatives in the Woreda where many factors have contributed to this. Despite the poor performance at present, the essence of these cooperatives should, however, not be ignored as there are some aspirations from different angles discussed so far for future success of the cooperatives. Besides, it is also noted in the literature that many cooperatives have an important place such as in marketing share, provision of different services and contributions on the livelihoods of members etc in different countries of the World.

Though, the cooperatives are constrained by many factors, some of them could be mitigated if due attention is given to the implementation of the recommendations.

5.2 Recommendations

It has been noted that the performance of the study cooperatives in different areas of the cooperatives activities was at poor level. However, there are some clues where the cooperatives showed a little progress in some areas which could inspire the cooperative members. But, there are also some major problems the cooperatives facing which could be the bottle neck of the development of the cooperatives. Thus, it is paramount important to forward recommendations based on the finding of the study.

- a. It was identified that lack of capital (finance) is one of the main problems the cooperatives facing contributing to the poor performance of the cooperatives. But, capital (finance) is the back bone of cooperatives so as to facilitate all rounds of the cooperative activities. Because of the lack of capital, credit service provision to the cooperatives is mainly from the government via revolving fund and CBE. In spite of this, the credit provided to the cooperatives was not also sufficient enough to mobilize the cooperatives activities and related agricultural activities. Thus, providing

sufficient credit in long term loan to the cooperatives by either the government or NGOs is paramount important so as to sustain the cooperatives for future.

b. As it was noted in the discussion, the cooperatives are exercising the cooperative societies' values and principles where some of them are ingrained. These could also be indicators of cooperative members' aspirations. However, the absence of cooperative union in the Woreda even in the nearby Woredas affected the cooperative organizational capacity such as in provision of credit facilities, timely provision of inputs, and marketing interaction between cooperatives and the members as well the bargaining power of the cooperatives in purchasing and selling of grain marketing. This calls for cooperative officials to establish cooperative union in the Woreda so as to ensure the sustainability of the cooperatives.

c. It has already been clarified that provision of education and training to the cooperative members is one of the basic principles of the cooperatives. Nevertheless, it was noted that provision of education and training to the cooperative members whom the majority are illiterate was totally absent contributing to the low level performance of the cooperatives as a whole. Despite there is existence of some provision of education and training to the cooperative committee members via cooperative experts working in agricultural office of the Woreda, the committee members where their educational level also poor are unable to provide to the cooperative members. With this regard, the government, NGOs, and other relevant institutions could play roles by developing education and training programs so as to enhance the basic skills of cooperative members till the cooperatives become strong and self-sustained.

d. It was discussed that one of the indicators of the performance of the cooperatives was the profitability, capital creation and dividend payments to members. In line with this, the main (lion share) of source of the profit, capital and dividend payments for the cooperatives, particularly for Dedebit, Mayferes, and Maysiye primary cooperatives has been from the involvement of local resources production of incense and sand. Nevertheless, the profitability, capital and dividend growth of the cooperatives was highly retarded due to the order of the local government to the cooperatives to cease in the involvement of these local resources favoring to the youth organized under micro and small enterprises where the cooperative members including the leaders were

disappointed at the decision made questioning the 'sustainability' of the cooperatives. Though the government intervention on some of the cooperative activities was optimistic such as in areas of provision of credit services, support to cooperatives in auditing and provision of some education and training to cooperative executive committees, it is recommendable to motivate the cooperatives in the involvement of such local resources since cooperatives are gaining prominence institutions in the rural development strategy by government equally important with the micro and small scale enterprises.

e. It was highlighted that the occurrence of favoritism and nepotism, and inactive participation of the cooperative committee members had its own contribution on poor cooperative performance. Thus, it is plausible to give strict guidance and continuous education and training to the cooperative members and/or cooperative leaders so as to pave the defaults by concerned bodies in legitimacy support.

BIBLIOGRAPHY

- Abebe Deressa (2006). *Exploring the link between market pressure monitoring policy in Ethiopia*, NBE, Addis Ababa, Ethiopia
- Abinet Gebrekidan (2006). *The Impact of Micro Financing Institutions on the Livelihood of the Rural Poor*. Adama University, Department of Business Management, May 2006, Adama
- Abrrar Suleman and Paul Masley (2006). *The Poverty Reducing Effect of increased food Crop Productivity in Ethiopia: Multi market Analysis, Review of Development Economics*, April 2006
- AEMFIs (2006). *Development in Saving and Credit Cooperatives in Ethiopia: Evaluation, Performances, Challenges and Interventions with particular Emphasis on RUSACXOS*, Draft Report, September
- Afaf Hassen Abdel Rahim (2006). *Economics Analysis of Deforestation: The case of the Gum Arabic Belt in Sudan*, PhD-Thesis, Wageningen University, the Netherlands.
- Andnet Delelegn (2006). *Informal Risk Sharing Strategies and Poverty Dynamic in Rural Ethiopia*, EEA, Policy Research Institution
- Antonio (1997). *Capital Formation in agricultural Cooperatives, Report of COPAC International Technical Meeting*, Rome 8-10 November 1997
- Araya Assefa (2005). *The Role of Cooperatives in Poverty Reduction in Tigray Region: The case of Mekelle town*, Senior Essay, Department of Economics. Mekelle University, Mekelle, Ethiopia.
- Assefa Belay (2005). *Trainers of Training program on Principles and Practices of cooperative Management*. Course Material, Department of Cooperatives, Faculty of Dry Land Agriculture and Natural resources, Mekelle University, Mekelle, Ethiopia
- Baker (1991). *Performance analysis of Cooperative Content Distribution for wireless Ad hoc Networks*

- Berhanu Adenew (2004). *The Food Security Role of Agriculture in Ethiopia: A household level Analysis*. Paper presented to the 2nd International Conference on the Ethiopian Economy, EEA, June 3-5 2004, Addis Ababa
- BoPED (2003). *Regional Income Estimation of Tigray Region Compiled Report from 1998-2003*, BoPED, Mekelle, Ethiopia
- Brachall (2003). *Assessing the Factors underlying differences in-group Performance: Methodological Issues and Empirical findings from the Highlands of Central Kenya*
- Carla (1991). *Developing worker Cooperatives as a Rural Development Strategy*, Research Paper
- C.Pichai (2005). *Cooperative Training: Department of Cooperatives*, Faculty of Dry Land Agriculture and Natural Resources (FDNR), Mekelle University, July 2005, Mekelle, Ethiopia
- Debel Gemechu and Taddele Ferede (2006). *An Econometric Analysis of the link between Irrigation, Market and Poverty in Ethiopia: The case of smallholder in vegetables and Fruits in North Omo*, Addis Ababa, Ethiopia
- Dickstein (1998). *Assessing Performance and needs of Cooperative Boards of Directors*
- Fitsum Hagos (2003). *Poverty, Institutions, Peasant Behavior and Conservation Investment in Northern Ethiopia*, Doctoral Scientiarum thesis 2003: 32, Norges Land Brushogskole Agricultural University of Norway, Dissertation No. 2003:2
- Georgia Cundill (2005). *Institutional Changes and Ecosystem Dynamics in the Communal areas around Mt Coke Sate Forest*, Eastern Cape, South Africa, Master of Arts Thesis, Rhodes University, January, 2005
- Getachew Adughna (2005). *Determinants of Land Degradation in the Lake Tana Basin and its Implications for Sustainable Land Management: The case of Angerb and Gish-Abay Watersheds*, MSc. Thesis, Alemaya University, December 2005
- Getachew Tikuye (2006). *The Role of Regional Government of Tigray Region on Expansion of MSEs as Strategy of Poverty Alleviation Process: A Case in Endasselassie town*, A Term Paper in MA, RLDS, June 2006.

- Getaneh Gobezie and Carter Carber (2007). *Impact Assessment of the Microfinance Program in Amhara Region of Ethiopia: International Conference on Rural Finance Research: Moving results it to Policies and Practice*, FAO Headquarters, Rome, Italy, 19-21 March
- Grish Kumar Mangleek (2005). *Ethiopian Economy*: Department of Cooperatives, Faculty of Dry Land Agriculture and Natural resources, Mekelle University, July 2005, Mekelle, Ethiopia
- G. Veerakumaran (2008). *Ethiopian Cooperative Law*: Department of Cooperatives, Faculty of Dry Land Agriculture and Natural Resources, Mekelle University, July 2005, Mekelle, Ethiopia
- Haile Kibret (2000). *Globalization and its Impact on Ethiopian Economy: Globalization, Potential Challenges AND Opportunities*, EEA, Vol.3 No, February-March 2000
- Hailemechael Tesfay (2007). *Working Capital Management*, distance Material, Module I, Mekelle University
- Helpdesk (2008). *A New Institutional Economics Approach to Contracts and Cooperatives Contracting and Organizations research Initiatives*, University of Missouri, Columbia
- Hussein Jimma (2004). *The politics of land tenure in Ethiopian History: Experience from the South*: Paper Prepared for XI World congress of Rural sociology, Norway, July 25-30, 2004
- Ignance (2004). *Evaluation of Performance of Cooperative Web Catching with Web Polygraph*, Department of Computer science, University of Houston
- Jonathan Murdoch and Barbara Haley (2001). *Analysis of the Effect of Microfinance on Poverty Reduction*. For the Canadian International Development Agency, November 2001, Canada
- Kefele Woldemariam (2006). *The Impacts of rural Saving and Credit Cooperatives on the Livelihood of Members in Tigray Region: The Case of Ofla Woreda*, MA. Thesis, Department of Cooperatives, Mekelle University, Mekelle
- Kodama (2008). *Heterogeneous impacts of cooperatives on smallholders' Commercialization Behavior: Evidence from Ethiopia*

- Kokebe Gizaw (2007). *The Role of Financial Institutions to Sustainable Development in Ethiopia*. Addis Ababa
- Mario B. Lambert (2003). *Integrating Gender Perspectives in Evaluating the Efficiency of COFI: The Case of Credit Cooperatives in Philippines*, Discussion Paper Series No. 2003 Philippines Institute of Development Studies, May, 2003.
- Mark Winslow et al (2004). *Desertification, Drought, Poverty and Agriculture: Research Lessons and Opportunities*, October, 2004
- Mesfin Mengstu (2007). *Opportunities, Performance and Constraints of Coffee Farmers Cooperative Unions: The Case of Caffa Forest Farmers Cooperative Union*, MA. Thesis, RLDS, Addis Ababa University, Addis Ababa
- Mulugeta Demie and Awunas (2007). *Problems and Perspectives of Rural Women empowerment in Ethiopia: The Case of Haramaya Woreda*
- Negusie Tefera (2006). *Consumption and Income Seasonality and Food Deficiency in Rural Ethiopia: EDRI, Young Lives*, Addis Ababa
- R. Dayanandan (2005). *Community Development: Course Material*. Department of Cooperatives, Faculty of Dry Land Agriculture and Natural resources, Mekelle University, August 2005, Mekelle, Ethiopia
- Samuel Gebreselassie (2003?). *Poverty and Food Security in Ethiopia: Some Evidence from Wollo*, Draft Paper. To be Presented at the 2nd International Conference on Ethiopian Economy, EEA/EEPRI
- Shaik Galab (___). *Livelihood Diversification in Rural Andhra Pradesh: Household asset Portfolios and implications for poverty reduction*, working paper No. 34, An International Study of Child Poverty.
- Sinateyehu Kassaye (2006). *Economic Culture of Tigray*, EEA, Mekelle University
- Taddese Biru Kersmo (2005). *Cooperation and Cooperatives: Their roles in Socio-Economic Development: A Theoretical Framework*, first Draft
- Tanguy (2008). *Mobilizing Rural Institutions for sustainable Livelihoods and Equitable Development: A Case Study of Farmer Cooperatives in Ethiopia: An Overview*

- Tesfaye Assefa (2005). *Revitalizing Market-Oriented Agricultural Cooperatives in Ethiopia: A Case Study*. Conducted in Corporation with USAID's Cooperative Development Program, VOCA, Ethiopia, Independent Consultant
- V.A. Teodoso (2008). *Community Participation through Cooperatives in Addressing Services: The Philippines*
- WARDO (2007). *Cooperatives Evaluation Report of Agriculture and Rural Development Office of Asgedetsimbla Woreda*
- WOFED (2007). *Stastical Abstract of Asgedestimbla Woreda from 2005-2006*, WOFED, Endabaguna
- Wolday Amaha (2004). *The development of Microfinance Industry in Ethiopia: Current Status and the Prospect for Growth*, July 2004, Addis Ababa
- Yosef Getachew (2007). *Two Public Factors: Income Inequality and Economic Growth*. Addis Ababa, Ethiopia
- ZviGalor(____). *Saving and Credit Cooperatives: A New Conceptual Apporach*. www.Coogalr.com

Addis Ababa University School of Graduate Studies
Institute of Regional and Local Development Studies

PART 1. INSTRUCTION

This questionnaire is to be filled by enumerators assigned by the researcher. It is strictly forbidden to give the questionnaire to other persons for the sake of filling any data. Viable data is expected from the enumerators as there will be frequent supervision and follow up by the researcher.

Annex 1

Questionnaire for cooperative household members

Part 2. GENERAL

2.1	Region	
2.2	Woreda	
2.3	Tabia(Kebele)	
2.4	Name of cooperative	
2.5	Name of enumerator	
2.6	Name of Supervisor	
2.7	Date of Interview	

PART 3: COOPERATIVE HOUSEHOLD MEMBERS INTERVIEW

3.1. Would you please tell me your educational background?

1. Illiterate
2. Literate (Read and write only)
3. 1-4 grade complete
4. 5-9 grade complete
5. 9-12 grade complete
6. Above 12 grade

3.2. What is your main occupation?

1. Farming
2. Trading
3. Both farming and trading
4. Others (Specify)

3.3. When did you become as a membership in your cooperative?
In-----year

3.4 What factors motivated you to become a membership of your cooperative?

1. Government Influence
2. Earlier cooperative members' initiation
3. Own interest and aspiration for cooperatives
4. Dividend payments of earlier cooperative members
5. Cooperatives service provision
6. Others (Specify)

3.5. Do you get the following agricultural inputs from your cooperative service?

- DAP and UREA (fertilizer) 1. Yes 2. No
- Agricultural Chemicals (pesticides) 1. Yes 2. No
- Improved Seeds 1. Yes 2. No
- Motor pump, treaded pump and drip irrigation 1. Yes 2.No

3.6. Generally, how do you evaluate the efficiency of your cooperative in the provision of the above inputs?

Inputs	More than Sufficient	Sufficient	Not Sufficient
DAP and UREA			
Agricultural Chemicals			
Improved seeds			
Motor Pump, treadle pump and drip irrigation			

3.7. Are you customer of your cooperative in purchasing of different consumer commodities when needs arise?

1. No
2. Sometimes
3. Always

3.8. If your answer for Q.3.7 is No, would you please mention some of the main reasons?

3.9. Do you involve in your cooperative in grain marketing such as in purchasing and selling of grains?

1. Yes
2. No

3.10. If your answer for Q.3.9 is No, would you please mention some of the main reasons?

3.11. Have you got credit services from your cooperative particularly for fertilizer purchasing (use) in the year 2007?

1. Yes

2. No

3.12. If your answer for Q.3.11 is No, Would you please mention some of the reasons?

3.13. Generally, how do you evaluate the capacity of your cooperative in provision of credit services to its members, particularly for fertilizer purchasing (Use)?

1. Sufficient

2. Not Sufficient

3. Highly Sufficient

4. Highly not Sufficient

3.14. Have you got credit services from your cooperative for your own purpose to fulfill your household needs?

1. Yes

2. No

3.15. Have you got dividend payments from your cooperative so far?

1. Yes

2. No

3.16. Generally, how do you evaluate your cooperative in making profit and dividend distribution to its members?

1. High

2. Medium

3. Low

4. Poor

3.17. Have you ever been given education or training from your cooperative so far?

1. Yes

2. No

3.18. Have you got awareness creating session held by your cooperative leaders so far?

1. Yes

2. No

3.19. How do you evaluate your cooperative leaders in mobilizing and participating members in different cooperative activities?

1. Very good

2. Good

3. Medium

4. Low

5. Poor

3.20. How do you evaluate the overall participation of members on decision making held your cooperative leaders?

1. Not good
2. Satisfactory
3. Good
4. Very good

3.21. Do you believe that the decisions made by your cooperative leaders are transparent?

1. Yes
2. No

3.22. If your answer for Q 3.21 is No, would you please state the reasons?

.....
.....
.....



3.23. Do you think that your cooperative has contribution to the following of your assets?

Assets	Has contribution	Has no contribution	Numbers
Live stock			
Hens			
Honey bee colony			
Agricultural implements such as 'Maresha'			

3.24. Do you think that your cooperative has contribution on improving of your living conditions of the following scenarios?

Scenarios	Has contribution	Has no contribution	Extent or amount
Able to send children to school and cover educational expenditure			
Able to cover household expenditure and buy furniture			
Changing a house from hut to corrugated roofing			
Use of health service			
Renewing the existing house			
Improving household feeding system			
Access to use pit toilet			

3.25. Have you ever sold your agricultural products such as grains to your cooperatives so far?

1. Yes
2. No

3.26. Would you please tell me where you sell your agricultural produce such as grains on most cases when needs arise?

1. To your cooperative
2. To other cooperative
3. To public markets
4. To private Traders
5. Others(Specify)

3.27. Would you please tell me the extent of your participation in the meeting held by the General Assembly of your cooperative?

1. Always attend
2. Most of the time attend
3. Sometimes attend
4. Never attend

3.28. Have you participated directly or indirectly through your representatives in drafting of bylaws of your cooperative?

1. Yes
2. No

3.29. Would you please describe your perception towards your cooperative given the following positive statements?

S.No	Statements	Strongly agree	Agree	Disagree	Strongly disagree
1	I am of importance the cooperative				
2	Every members participation is significant to the group				
3	It would be helpful that each members express their thoughts during the meeting				
4	There is a need leadership training among the officers of the cooperative				
5	Our cooperative has bright future				
6	Every member of the cooperative is treated equally				
7	My cooperative helps me to become more responsible				
8	All members are expected to participate in the activities of the cooperative				
Average Total					

Annex 2

Focus group discussions

1. The provision capacity of cooperatives to the different agricultural inputs and members' demand
2. Marketing interaction between members and cooperatives such as in grain marketing and consumer commodities
3. Cooperatives provision of credit services to their members and access to credit services
4. Cooperatives and access to the involvement of local natural resources
5. Cooperatives and their ability in profit and capital making and dividend payments to their members
6. Organizational capacity of the cooperative executive committees to undertake their duties
7. Membership growth and motivating factors contacted with non-member farmers
8. Contribution of cooperatives on the livelihood of members
9. Issues related factors affecting the performance of cooperatives
 - commitments of cooperative leaders and members participation in different cooperative activities
 - Favoritism and nepotism
 - Perception and attitude of cooperative members
 - Government intervention

Annex 3

Key informants interview

1. Cooperatives and their capacity to provide education and training to their members
2. Organizational capacity of the different executive committees to undertake the outlined duties of the committees
3. Cooperatives and their capital status
4. Membership growth and motivating factors
5. Job creating opportunity of the cooperatives
6. Contribution of cooperatives on living conditions of their members
7. Cooperatives provision capacity of agricultural inputs and their members' demands
8. Cooperatives credit service capacity to their members and access to credit service
9. Cooperatives and their access to their involvement of local natural resources
10. Cooperatives and their ability in profit making, capital and dividend payments
11. Issues related to factors affecting the performance of cooperatives
 - Commitment of cooperatives leaders and members participation in different cooperative activities
 - favoritism and nepotism
 - perception and attitude of cooperative members
 - marketing interaction between members and cooperatives
 - Issues related to the cooperative union
 - Government intervention

Annex 4

Establishment year of the study cooperatives

	Name of cooperative	Establishment year
1	Lemlem Primary Multipurpose cooperative	1990 E.c
2	Mayferes Primary Multipurpose Cooperative	1992 E.c
3	Dedebit Primary Multipurpose Cooperative	1992 E.c
4	Maysiye Primary Multipurpose Cooperative	1992E.c

Annex 5

Average purchasing price, and sold price of fertilizer per quintal

Fertilizer type	2004	2005	2006	2007	2008
1.DAP					
DAP purchasing price	320.95	298.96	389.89	395.75	642.70
DAP sold price	320.95	298.86	389.89	401.75	676.41
Margin	0	0	0	6	33.71
2.UREA					
UREA purchasing price	288.13	248.27	368.45	368.45	574
UREA sold price	288.13	248.27	368.45	374.45	605.67
Margin	0	0	0	6	31.67

Annex 6

Membership years of cooperative members

Year of being memberships	Frequency	Percent
Less than 3 years	17	12.1
3 years	20	14.3
More than 3 years	103	73.6
Total	140	100

Annex 7

Access to facility services of the cooperatives

Name of cooperative	Types of facilities						
	Storage house	Working office	Office furniture	Type writer	computer	Shop	Tractor
Lemlem	√	√	√	X	X	√	X
Dedebit	√	√	√	X	X	X	X
Mayferes	√	√	√	X	X	√	X
Maysiye	√	√	√	X	X	√	X


DECLARATION!

This Thesis is my original work and has not been presented for a degree in other university. All source materials used for the Thesis have been acknowledged.

Declared by:

Getachew Tikuye

Signature



Institute of Regional and Local Development Studies

Place: Addis Ababa University

This Thesis is submitted as final Thesis with my approval as an advisor of the candidate

Signature

Fanta Mandefro (PhD)

