

**ASSESSEMENT OF WOMEN SAVINGS AND CREDIT COOPERATIVE
SERVICES IN ZUWAY DUGDA DISTRICT, SOUTH - EAST ETHIOPIA**

MSW DISSERTATION PROJECT RESEARCH

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ASSESSMENT OF WOMEN SAVINGS AND CREDIT COOPERATIVE SERVICES IN ZUWAY DUGDA DISTRICT, SOUTH-EAST ETHIOPIA

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MSW Dissertation Project Research Submitted to School of Social Work of the Indira Gandhi National Open University, in Partial Fulfillment of the Requirements for degree of masters of Art in Social Work.

DECLARATION

I hereby declare that the dissertation entitled **WOMEN SAVINGS AND CREDIT COOPERATIVE SERVICES IN ZUWAY DUGDA DISTRICT, SOUTH EAST ETHIOPA**, submitted by me for the partial fulfillment of MSW to Indira Gandhi National Open University, (IGNOU) Addis Ababa is my own original work and has not been submitted earlier, either to IGNOU or to any other institution for the fulfillment of the requirement for any other programme of study. I also declare that no chapter of this manuscript in whole or in part is lifted an incorporated in this report from any earlier work done by me or others.

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CERTIFICATE

This is to certify that Mr. Mosissa Kejiella Megerssa student of MSW from Indira Gandhi National Open University, Addis Ababa was working under my supervision and guidance for his Project Work for the Course **MSWP – 001**. His Project Work entitled **WOMEN SAVINGS AND CREDIT COOPERATIVE SERVICES IN ZUWAY DUGDA DISTRICT, SOUTH EAST, ETHIOPIA**, which he is submitting, is his genuine and original work.

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DEDICATION

This dissertation project work is dedicated to my family ,especially to my wife, Mrs. Engidaget Kebede, my daughters, Milky and Yomiyu and to my son Robsen Mosissa ,who gave me strength ,encouragement and support in my pursuit of professional education.

Thank you!

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LIST OF ABBRVIATIONS AND ACRONYMS

AIDS: Acquired Immunodeficiency Syndrome

ASP: Agriculture Support Programme

CBOs: Community - Based Organizations

DAC: Development Association Committee

DAEDE: Department of Agricultural, Environmental and Development Economics

DC: District of Colombia

DFID: Department for International Development

FAO: Food and Agricultural Organization

FCA: Federal Cooperatives Agency

FDRE: Federal Democratic Republic of Ethiopia

FGC: Female Genital Cutting

FGD: Focus Group Discussion

HIV: Human Immunodeficiency Virus

ICA: International Cooperative Alliance

IFAD: International Fund for Agricultural Development

IFAO: International Fund for Agriculture Organization

ILO: International Labour Organization

IO: Intermon Oxfam

MDG: Millennium Development Goals

MFIs: Microfinance Institutions

MoFED: Ministry of Finance and Economic Development

MSW: Master of Social Work

NGO: Non - Governmental Organization

OECD: Organization for Economic Cooperation Development

OFEDB: Oromia Finance and Economic Development Bureau

ORS: Oromia Regional State

OSHO: Oromo Self - Help Organization

ROSCAs: Rotating Savings and Credit Associations

SACCOs: Savings and Credit Cooperatives

STIs: Sexually Transmitted Infections

UN CEDAW: United Nations Convention on the Elimination of All Discrimination of Against Women

UNDP: United Nations Development Programme

UN: United Nations

USA: United States of America

WMI: Women Microfinance Initiative

WSACCOs: Women Savings and Credit Cooperatives

ZDD: Zuway Dugda District

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ABSTRACT

This is an MSW thesis on **Assessment Women Savings and Credit Cooperative Services** in Zuway Dugda District, Oromia Regional State, Ethiopia. The general objective was to assess socio-economic contributions of Savings and Credit Cooperatives to improve rural poor women's living conditions and their **socio-economic and political empowerment** and suggest credible recommendations on how the savings and credit services delivered have brought change in economic, human and social capital **assets**. The specific objectives of the study included to assess the role of Savings and Credit Cooperatives Services in **poverty reduction** through economic and social development and employment creation; to examine the contributions of the Savings and Credit Cooperative Services improving of income, expenditure, shelter, household assets, food access, education and healthcare services and to assess the improvement of decision making power of members at family and community levels. The researcher employed quantitative and qualitative research approaches and methods to collect the pertinent primary and secondary data from respective sources. Universe of the study comprised of 527 women in those rural villages of the District and sample size was 70 women in the Cooperatives. The study found out that poor women in the study area have shown exemplary role in fighting poverty through organizing themselves and pooling their meager resources in improving their living and working conditions. The study revealed the importance of cooperative services for the well-being of members, their families and their community.

CHAPTER ONE

INTRODUCTION

Women in Ethiopia have been suffering from multiple deprivations that marginalized their pivotal role expected to play in the social, cultural, economical and political spheres of life of the society at large. This is attributed by many factors, amongst which; lack of financial, educational and health care services; low access to and control over resources and limited opportunity to employment; and minimal participation in the power sharing and decision making. All of the above stated factors are attributed as the results of the patriarchal value system that has been practiced by the society for generations. These factors have heavily been contributed to discourage not only to improve their well being but also to diminish women's active participation in the overall socio – cultural and politico-economical affairs of the society at large. The real situations, in the same way, depict the authentic living and working condition of women in Zuway Dugda District of Oromia Regional State in Ethiopia; whereby this study is based on reflections of the same common situations prevailed over the country.

Poverty is one of the main factors that negatively affect women's resources, skills, knowledge and social connections as well as their social status in Oromia. According to World Bank (2001,p.1) indicated in World Development Report 2000/2001, Poverty is more than inadequate income or human development - it is also vulnerability and lack of voice, power and representation .To avert this situation, poor women in the research area require equal participation in resources sharing and power of decision making, better employment, housing, education, health care and other opportunities for social services opportunities through savings and credit cooperatives.

Savings and Credit Cooperative Society is a form of financial institution formal in nature, and owned, controlled, used and democratically governed by members themselves. Its purpose is to encourage savings among members and is using the pooled funds to make loans to its members at reasonable rates of interest and providing related financial services to enable members improve their economic and social conditions. A peculiar feature about the savings and credit cooperative societies is that they are not for profit and also not for charity, but for service to members according to the International Fund for Agriculture Organization / IFAO (2008).

Savings and Credit Cooperatives are those whose members are people having similar interest and live in the same community at the intervention villages. Its main purpose is to promote savings among members and provide loans for productive investment. It is business that is used to increase income, asset, employment, empowerment and networking. It is a business owned and controlled equally by the members that is targeted to break the vicious cycle of poverty (OSHO 2009, p.19).

Savings and Credit Cooperative is considered not only as a powerful governance and management tool but also as strategic development instrument to reduce women poverty by availing opportunities and redressing equity. As it is well known that poverty has a variety of manifestations, which have been effected about lack of income and productive resources sufficient to ensure sustainable development; food insecurity and malnutrition; limited access to education and health care services; inadequate housing; unsafe environment and social discrimination and exclusion from participation in decision – making process. It is the means of engaging women's ideal mind and passive hands into productive spears to change the ugly face of poverty that is limited their creativity, imagination and productivity in the society.

One of the most striking features of Ethiopian society is the low status of women. Social indicators for human development and the quality of life all point to a grim picture. All available data indicate that women carry a disproportionate burden of coping with poverty and lack visibility, access to services, employment opportunities as well as for participation and decision making (UNCEDAW1995,p.7). Women in Ethiopia in general and women in Zuway Dugda District in particular are forced to lead miserable lives as the result of these prevailing interwoven conditions.

The vicious cycle of poverty, illiteracy, food insecurity, ill health and limited access to education persists unless new opportunities, values and innovative ideas are promoted. As most of the rural women have no access to savings and credit, they often have to depend on an informal rotating credit association for start – up capital; some women may also depend on financial, material and labour assistance from their friends and families. Thus, poor rural women are in a great need for savings and credit services, marketable business skills and other business management trainings to positively change their situations to lead dignified life.

In most cases, large numbers of rural women don't have much accessibility in contacting banks to access financial services, like credit in particular or any other bank services. The major reasons are that poor rural women have no collateral, they lack credit history; they live in remote areas far away from where formal banks usually are available; they are not able to fill a bank routine application forms and they lack special need provisions, such as training on business development knowledge and skills that are instrumental to savings and credit services to serve the best interest of the poor rural women.

According to Wolday (2006), for commercial banks in Ethiopia, a loan size below 100,000 Ethiopian Birr is not attractive and profitable. Therefore, the poor rural women have to find alternative sources of financial services that can be formal, informal or semi-formal to overcome this critical problem. In such cases, the major sources of loans or financial services in Ethiopia apart from commercial banks are microfinance institutions (MFIs); cooperatives; the Ethiopian Government projects and other cultural-setups involved in providing loans.

In Ethiopia, Savings and Credit Cooperatives have gained modern characteristics as a result of the 1998 Proclamation of Cooperatives and the formation of Federal Cooperative Agency as well as Regional and District levels Cooperatives Promotion Agencies. Since then, the government of Ethiopia has also initiated, implemented, and supported various savings and credit cooperatives aimed at strategically combating poverty in the country at the grass - root level in community. Cooperatives such as agricultural, housing, industrial and artesian producers, consumers, savings and credit, fishery and mining were established by individuals on voluntary basis and who have similar needs for creating savings and mutual assistance among themselves by pooling their resources, knowledge and property.

This study focused on six women savings and credit cooperatives that have been supported by Oromo Self Help Organization (OSHO) which is an indigenous NGO that was established in October 1991. The NGOs' sector mainly supported the women savings and credit cooperatives through funding and technical assistance. OSHO has provided 192,000 ETB to these six Cooperatives as a start – up capital with a revolving fund modality apart from provision of technical support.

The poverty reduction strategy programme of OSHO is focused in supporting the formation of Savings and Credit Cooperative Societies (SACCOs) within remote districts. This incorporates organizing provision of technical assistance where they did not exist, including establishment of effective SACCO supervision and regulation, as well as facilitating access to startup revolving capital for credit provision. For authenticity, the researcher has preferred to carry out study on women and savings and credit cooperatives in Zuway Dugda District of Oromia Regional State. Thus, the study is centered on the above, mentioned women savings and credit cooperatives that have already accessed startup capital, accumulated savings, realized credit services and equipped with business literacy skills based on the global self – help , self – governance and personal responsibility principles for the last five years.

Previous studies that have been conducted by Oromia Self Help Organization and Intermon Oxfam, which are the implementing and funding agencies respectively mainly focused on baseline survey for project formulation and management purpose, but not through social work perspective in different socio – cultural and economic contexts. Apart this, there was as such no well-concretized conducted studies prior to this study on this specific subject matter in the District. Therefore, it is important to assess the contributions or roles of savings and credit cooperative services to improve rural women’s living conditions ,household’s assets building ,access to social services ,socio-economic development and empowerment in Zuway Dugda District, South – East Ethiopia, in order to examine the real and significant improvement that such cooperatives have been enjoyed from particular initiative. Thus, the study aimed to assess the economic, social and human capital improvements realized by these women who have

committed themselves through initiating and joining these cooperatives in Zuway Dugda District under the support programme of Oromo Self- Help Organization.

1.1.Statement of the Problem

Women are poor; they constitute the most disadvantage social group in the population of the research area .This may be due to social, cultural, economic and political factors that have had damaging effects on women living and working situations.

A social factor which mainly focuses on education and healthcare services have been considered in the study taking into account the serial effects that these factors may have on poverty in general. In other words, low level of women's participation in education and healthcare services has no doubt leads to poor knowledge and skills; poor health and inadequate employment situation which again contributed to significant aspect of poverty.

Cultural factors which include: marriage by abduction and early marriage and female genital cutting (FGC) that have negative effects on the life of the women in the research area. Cultural factors further have also been considered in relation to FGC. Female Genital Cutting (FGC) is a deep – rooted traditional practice that has had serious health consequence for girls and women. It involves alteration or cutting of the female genital without anesthesia under unsanitary conditions by local practitioner that affect the physical and mental well-being of women. Marriage by abduction practice, including rape has social, economical, health and psychological implications. Early marriage leads to early pregnancy which in turn, leads to poor healthcare and nutritional deficiency for mother and children.

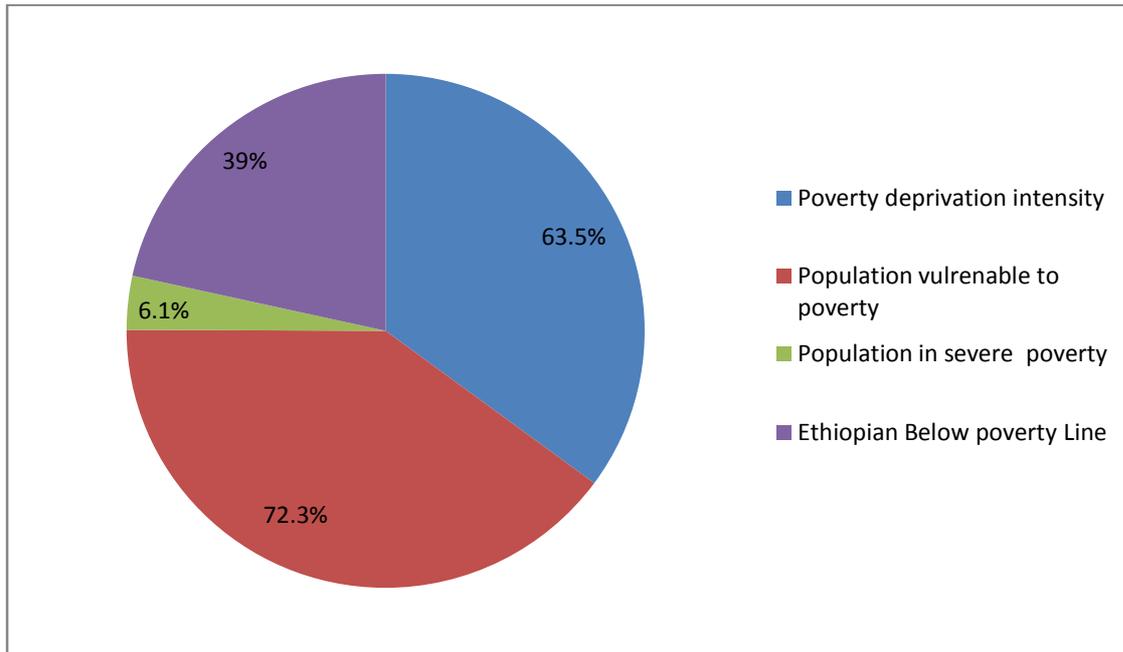
According to the Oromia Finance and Economic Development Bureau / OFEDB (2002 ,p.35) women work for 13 to 18 hours a day in collecting fuel wood, fetching water, cooking food that are the cause of the deterioration of their health, socialization, and participation in productive and reproductive role in a constructive manner. This long hour's contribution of women to their family and their community also lack adequate consideration by their family and their community, too.

The economic factor, especially land is being the main income and typically owned and registered in the name of men. Any land under the control of female heads is held in the name of a son or male relative. Widows and divorcees have no rights to land. Predominantly, the property of women in the research area is limited to some items (such as milk, butter, mirror, pillow, comb and their clothes) that have no significant contribution for sustainable development of the women, their families and communities at large.

The political factors considered indicates that women are highly marginalized and excluded from fully participating in power sharing and decision making process, as well as empowerment themselves by actively involving in development programmes; whereby they could have been contributed to their family and community meaningfully. The women in the research are forced with strong cultural inhabitation and men ascendancy to discuss their issues to look alternative solutions in the public arena.

During the field work, it has been observed in Zuway Dugda District (like in other districts in Oromia Regional State of Ethiopia), savings and credit cooperatives services have been applied as a poverty reduction strategy. The savings and credit cooperatives' services have targeted one of the most vulnerable groups in the society, namely, women who are marginalized that own little or no asset, lack decision making power , limited access to education and health facilities. Savings and credit cooperatives services were used as an intervention strategy to address the marginalized situation of women with the hope that when women accessed savings and credit facilities, they would achieve economic, social and human capital development to themselves, their families and their communities.

Best and Kahan (1999,p.57) argue that a good research problem has had the qualities of significance, originality , and feasibility in managing availability of data , the financial demands of the project, the limitations of time , and the possible difficulties and social hazards involved. The statement of the problem must be limited enough in scope to make a definite conclusion possible. Poverty is the foremost severe problem in Ethiopia.



Source: UNDP, 2012.

Figure 1.1 Poverty Situations in Ethiopia, 2011.

UNDP Human Development Report (UNDP 2012, p.5) indicated that the intensity of deprivation was found to be about 63.5%, the population had been vulnerable to poverty 6.1%, population in severe poverty account for 72.3% and 39%, of Ethiopians were found to live below the poverty line.

The participation of women in savings and credit cooperatives in Oromia was observed to be significantly low, as they constituted only 19.5% of the total members of 1,804,621 in 2005. This critical gap requires strong mobilization and adequate policy support to engage women in cooperatives to make them more productive and self-supportive.

Considering this problem and other constraints, the Oromo Self -Help Organization (OSHO) has generated an innovative idea of having savings and credit cooperatives (SACCOs) ever since

2008 to involve poor rural women in development programme. OSHO has encouraged women ,from Zuway Dugda District, that don't have access to financial credit services because of lack of collateral, too little information about financial services, fear to lose their property failing to reimburse the loans and lack business skills among others .

The women cooperatives selected for this study constitute the most disadvantaged social group within the Zuway Dugda District. Prior to forming savings and credit cooperatives and accessing the services, these groups of women had anguished livelihoods in terms of suffering from practice of polygamy, abduction, early marriage, harmful traditional practice, and lack of family planning, low participation in family and community activities and decision making process, experiencing low crop production, as well as livestock productivity, disease, erratic rainfall, recurrent draught and natural resources depletion which lead to food insecurity and lack of alternative means of income generation to cope with their economic and social challenges as a whole.

As a result, poor health and nutrition, as well as lack of education mainly affected the lives of these poor women and their families; they had little control over resources and a limited level of participation in household decision making, despite the fact that they have a primordial role in domestic and productive activities.

According to the baseline survey of OSHO, the women who had been members of the savings and credit cooperatives were identified as the poorest of the poor in their community. Six women savings and credit cooperatives that made-up of 527 members were established by their own initiation and contribution with additional financial and technical support of OSHO to make them self-supportive and productive (OSHO2012, p.16).

This study is ordained to find out what improvement has the savings and credit services brought to the members in terms of changing their lives. This includes: in terms of income generation, employment creation, increasing access to food, asset accumulation, basic education and skills development, health care and nutrition, sharing experiences, involving in decision making and social action, participating and managing family as well as community affairs.

Thus, the study has dual significances, amongst others; the primary significance is to market the best practices and benefits of women savings and credit cooperatives services in changing the economic, social and human capital development to women savings and credit cooperatives, which are existed in Zuway Dugda District for more than five years. The second significance of the study is to contribute for the improvement of the lives of women in difficulty circumstances by adding up to the hardly existing literature in the subject matter to serve for researchers, planners, social workers, policy makers, implementers, end-users and other stakeholders; in their overall efforts to undertake further studies, formulate or replicate similar initiative and encourage exploration of possible ways and means to newly emerged challenges.

1.2 Objective of the Study

Targeting savings and credit services to the poorest of the poor is one of the several instruments for poverty reduction. Based on this basic idea, Women Savings and Credit Cooperatives (WSACCOs) have been organized in Zuway Dugda District with ultimate goal of poverty reduction through income generation and other capacity development interventions. Therefore, the study has both general and specific objectives.

1.2.1 General Objective

The main objective of the study is to assess the contributions of Women Savings and Credit Cooperatives Services delivered to rural poor women in Zuway Dugda District to change their status in terms of financial, human and social capital assets building and socio-economic empowerment of poor women of those cooperative members.

1.2.2 Specific Objectives

- To assess the role of savings and credit cooperative services in poverty reduction through income generation, social action and employment creation,
- To examine contributions of the savings and credit cooperative services to improve poor rural women's income ,expenditure, shelter , household assets, food access, access to education and health care services and other opportunities for the members , and other opportunities for the members,
- To assess the improvement in decision making power of women cooperative members at family and community levels.

1.3 Research Questions

Conceptually previous practical experience has shown that the savings and credit cooperative services have brought a positive change of financial, social and human capital assets ,as well as empowerment in the lives of women cooperative members at both household and community levels. In cognizant of this fact, therefore, the study is going to assess how far it is true in the context of the Zuway Dugda District based on the specific target women's savings and credit cooperatives services.

In order to do this, the following research questions have been framed and applied during the assessment study:

- 1.3.1 What are the contributions of savings and credit cooperative services in improving the living situations of women cooperative members and their families in terms of income, expenditure, access to food, education, skills development, health care, social network, social mobility, involvement in collective action and employment creation?
- 1.3.2 What is the role of savings and credit cooperative services in empowering women cooperative members?
- 1.3.3 What is the significance of savings and credit cooperative in reducing cooperative's women members' poverty?

1.4 Limitation of the Study

The study was undertaken in Zuway Dugda District, one of the 180 districts of Oromia Regional State (ORS). This District of all Districts in the Region that is the remotest which is located and about 153 km away from the capital city of Ethiopia. Due to limited resources (such as human, material, transportation facility and availability of time), the study was delimited to 70 respondents. This limited of sample drawn from 527 members of the six savings and credit cooperatives may not give representative picture of their contributory roles in reducing poverty and in socio-economic empowerment. Such delimitations of the study may shadow on some of the empirical observations and findings which, in turn, affect the concessional to be drawn. This sample scoping study may have adequate and appropriate results on this study, despite the fact that its findings would have practical validity chiefly to the study area and can serve as a basic ground for any further studies to be carried out in similar and other areas.

1.5 Operationalization of Concepts

The following working definitions were developed and adopted on the discourse of this study:

- **Assessment:** is the routine process of data collection and measurement of progress toward programme objectives (Alliance, 2006).
- **Human capital** refers to the skills, knowledge, capacity to work and good health that together enable members to pursue different activities of the cooperatives to achieve the activities outcomes (DAEDE 2009, p. 2).
- **Social capital** refers to the formal and informal social relationships or networks, social mobility and involvement in collective action that assist in the activities being undertaken by cooperative members in their pursuit of their means of livelihood (DAEDE 2009, p.3).
- **Financial capital** limited to the ability to increase financial capital for consumption and production to consume, to have access to shelter and household assets as well as access to food of the cooperative members' household for the purpose of this study (DAEDE, 2009, p.2).
- **Food security** is the measure of the ability to ensure access to essential nutrition. It refers to a household's ability to produce sufficient, safe and nutritious food fulfills the dietary needs and food preferences for living an active and healthy lifestyle through their productive income generation (DAEDE 2009, p. 7).
- **“Women” empowerment** ,in this study ,refers to a process through which women acquire the knowledge, skills and confidence to make informed decisions about their lives, thereby becoming more self- reliant and aware (FAO2001,p.19).Empowerment is the process to take control over the decisions, resources , assets ,institutions and policies that affect their well-being.

1.6 Organization of the Thesis

This study is structured under five chapters. The First Chapter of the dissertation is devoted to introductory part; including the statement of the problem, objectives of the study, research questions, limitation of the study, operational definitions of key concepts and organization of the thesis.

The Second Chapter deals with the review of related literature consisting of generally the conceptual review and the empirical studies elsewhere , poverty reduction approaches , emergence of savings and credit cooperatives in the world , emergence of savings and credit cooperatives in Africa, development of savings and credit cooperatives in Ethiopia ,development of savings and credit cooperative in Oromia , savings and credit cooperatives as a tool for poverty reduction, role of savings and credit cooperatives on women economic development , role of savings and credit cooperatives on women 'social development ,role of savings and credit cooperatives on employment creation and savings and credit cooperatives and their empowerment.

The Third Chapter presents and describes the study area, the research design and methods, universe of the study, sampling method, tools and procedures of data collection. In addition, it explains about data processing and analysis, and ethical considerations in the research process.

Chapter Four presents data analysis, the major findings and interpretation of the study. The Fifth Chapter, puts together those major findings drawn conclusions and to suggest possible and plausible actions using social work perspectives.

CHAPTER TWO

REVIEW OF LITERATURE

This chapter presents the savings and credit cooperative societies' theoretical framework , emergence of savings and credit cooperative in the world , emergence of savings and credit cooperatives in Africa, development of savings and credit cooperative in Ethiopia, development of savings and credit cooperative in Oromia , savings and credit as tool for poverty reduction, role of savings and credit cooperative, bringing change of economic, social development and employment creation, as well as women empowerment at family and community levels.

2.1 Conceptual / Theoretical Framework

The concept of poverty includes different dimensions of deprivation. It is the inability of people to meet economic, social and other standards of well-being (OECD2001, p.36). Poverty is a multi-dimensional phenomenon related to the inadequate or lack of social, economic, cultural, and political entitlements. Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future and living a day at a time. Poverty is a child to illness brought about by unclean water .poverty is powerlessness, lack of representation and freedom (World Bank 2000). Thus, poverty has both income and non income diminutions. It may be a lack of income, or resources, a lack of coping capacity, a lack of basic human capabilities or a lack of institutional defenses or in extreme cases a lack of all o these .In a wider sense , it may be a combination of economic ,social and political deprivations (latifee 2003, p. 4). These interwoven multi dimensional problems of the poor are required tackling using different instruments such as savings and credit cooperative, housing cooperative, consumers'

cooperative, urban agriculture cooperative, transport service cooperative and other appropriate cooperatives. This approach is not only useful for reducing low skilled rural poor but also the most important instrument to create employment to semi skilled or skilled poor who have no means of income generation or employment creation as a result of their debilitated poverty.

A cooperative is 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 (UN 2009,p.4).A savings and credit cooperative society is a form of financial institution and its purpose is to encourage savings among members and using the pooled funds to make loans to its members at reasonable rate of interest, and providing related financial services to enable members improve their economic, social, and political conditions.

Cooperatives are based on the values of self – help, self – responsibility, democracy, equality and solidarity. According to Agriculture Support Programme (ASP 2009, p.2), cooperative members must be guided by honesty, openness, social responsibility and care for others. Cooperatives are self – help organizations, which are formed by people who have the same interest of work and economic activities .These associations are set up by those groups who wanted to act together and form it with one’s own accord.

Rural women cooperatives mainly focus on the needs of their members, which include supplying; purchasing of agricultural inputs; processing; marketing; transportation, and storage facilities; and provision of information and technologies to change their poor living situation positively. This circumstance requires empowerment of women in their community, which is the main driving force to fulfill their felt needs and their family as well as their community.

Cooperatives are voluntary organizations formed in any marketable business areas that opened to any person to join and able to use their services and willing to accept the responsibilities of membership, without any distinction on the basis of gender, color, race, political or religious views and the like convictions .

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Women who have elected to hold the office as representatives of the cooperatives are accountable not only safeguard to their members' interests, but also ensure maximum benefits to their members.

It is important for cooperatives to be free from government interference and to strengthen self – dependency and to build self – governed organizations to serve the best felt need and interest of their members .They are required to duly governed by their members .While they need support and enter into concessions with other organizations; including government or non – government agencies or raises capital from external sources; they do so on condition that ensure democratic control by their members and maintain their cooperatives autonomy.

Education and training is a key instrument to equip cooperative members, designated representatives, managers and employees with knowledge and skills so they can contribute effectively to the development of the cooperatives. Education and training is the main means to make cooperative members more energetic, creative and imaginative and productive. Building the knowledge and skills of members is vital for saving and credit process of the group for which they seek to affordable to members and to provide opportunity to learn and manage their own resources, and thereby, enable improving their economic and social wellbeing.

The members of savings and credit cooperatives (SACCOs) share a common vision, driven by a common need for savings and credit. The concerns of cooperative members are focused on improving household income, food security; access to education and healthcare as the starting point for its formation by serving as the basis for delivering cost effective financial and non – financial services for the individual members, and ensuring various benefits through group security.

Cooperatives, as economic enterprises and self- help groups, play a pivotal and a meaningful role in uplifting the socio-economic conditions of their members and their communities as well. According to International Cooperative Alliance (ICA), there are seven principles that laid-down to govern cooperatives in global spectrum. These principles consist of voluntary and open membership; democratic members control; members economic participation; autonomy and independence; education, training and information; cooperation among cooperatives and paving due concern for community needs or effecting social responsibility (UN 2009, p.4).

The first four of these are core principles without which a cooperative would lose its identity. They guarantee the condition under which members own, control and benefit from their business. The education principle is a commitment to make members effective and a pre-condition for democratic control, while cooperation among cooperatives is a business strategy without which cooperatives remain economically vulnerable. The last principle concern for community is about cooperative responsibility and it leads into other concerns that ICA is promoting such as prevention of poverty and protection of the environment (UN 2009, p.4).

According to Oromia Self - Help Organization (2009 ,p.34), the strategy that was developed ,it incorporated activities aimed at the empowerment of women in involving in income generation

activity , access to and control of resources through savings and credit cooperatives. Thus, cooperatives are used not only to promote business skills and non – formal education of members; as well as formal education of their children, but also in availing awareness creation opportunities on current cross-cutting issues ; on such as HIV/AIDS prevention and environmental protection. It shares universal values and principles of cooperatives to make the members productive and self supportive.

Savings and credit is one of the most instruments to eradicate extreme poverty and hunger; achieve universal primary education, promote gender equality and empower women; reduce child mortality; improve material wealth; combat HIV/AIDS; ensure environmental sustainability, and develop unity among various stakeholders in fighting against poverty. Therefore, savings and credit cooperatives to be practical as the best tool to reduce poverty, it employs various approaches or models to register its positive effects in improving the living and working conditions of the poorest of the poor. The following topic briefly clarifies a variety of poverty reduction approaches.

2.2 Poverty Reduction Approaches/ Models

Poverty encompasses different dimensions that related to human capabilities including consumption and food security; health, education; rights; voice; security, dignity, and decent work. (OECD 2001, p.12), thus, these situations require sound and diversified poverty reduction approaches that are dedicated to empower the poor by strengthening their voice and fostering democratic accountability.

Effective poverty reduction entitle calls for strategic thinking based on clear and consistent concepts and approaches .Different ways of understanding poverty lead to different ways of

dealing with it. A common and clear understanding of poverty helps to build a common agenda with development partners (OECD 2001, p. 36).

This study bestow highlight on savings and credit schemes of reducing the vulnerability of the poor by widening their income generating option, increasing their productivity and empowering women, building business and marketing skills, planning to improve access to time for the poor, considering gender differences and overcoming the collateral issues when legal or cultural barriers prevent women from holding land title or other assets.

Modern microfinance was born in Bangladesh in the 1976 in the aftermath of the country's war of independence, when Professor Muhammad Yunus, Head of the Rural Economics Program at the University of Chittagong began an action research to examine the possibility of designing a credit delivery system to provide banking services targeted at rural poor. The Grameen Bank project (Grameen means 'rural' or 'village' in Bangal language) came into operational (Grameen Bank 2011, p.1).

The Grameen Bank was established based on the objectives to extend banking facilities to poor men and women; eliminate the exploitation of the poor by moneylenders; create opportunities for self-employment for the vast multitude of unemployed people in rural; bring the disadvantaged together , mostly the women from the poorest households with the fold of an organizational format which they can understand and manage by themselves and reverse the age – old vicious circle of low income ,low savings and low investment 'into virtuous circle of 'low income , injection of credit , investment , more income ,more savings , more investment , more income . In October 1983, the Grameen Bank project was transferred into an independent bank by the government legislation that is owned by the rural poor whom it serves with the share of 90% and

10% that owned by the borrowers and the government respectively. Then, Grameen bank has developed microcredit into an ever more important instrument in the struggle against poverty. It has been a source of ideas and models for various institutions in the area of microcredit that have sprung – up across the world (Grameen Bank 2011, p.2).

According to Women’s Microfinance Initiative / WMI (2013,p.1), microfinance builds assets to better lives and provides basic financial services, such as credit and savings, on a very small scale to historically marginalized populations that do not meet the criteria to do business with conventional banking institutions. This covers people whose lack of access to collateral means they cannot qualify for credit, and includes the world’s poor, who number over one billion and who live in less than \$1.25 per day. Microfinance encourages economic stability through income generation rather than subsidies.

Poverty reduction approaches are based on 14 various models such as Associations, Bank grantees, Community banking ,Cooperatives ,Credit unions , Grameen , Group , Individual , Intermediaries , NGOs , Peer pressure , ROSCAs , Small business and Village banking by providing services to the poor to combat poverty strategically. These models are briefly enlightened as follows:

Associations Model

Associations model ,the target community forms an associations through which various microfinance activities are initiated .Such activities may include savings and credit .Associations or group can be composed of youth / women, can form around political /religious /cultural issues, can create supportive structures for microenterprise and other work based issues(Srinivas 2013 ,p. 1). This model is used to fight poverty at group or community level in

mobilizing and organizing such as youth or women who have common vision, interests and locality.

Bank Guarantees Model

Bank grantee is used to obtain a loan from a bank. This grantee may be arranged externally through a donor/ donation, government agency etc. or internally using member's savings. Loans obtained may be given directly to an individual or they may be given to self-formed group. Bank grantee is a form of capital guarantee scheme. Grantees funds may be used for various purposes including loan recovery and insurance claims (Srinivas 2013, p.2).

Community Banking Model

This model essentially treats the whole community as one unit, and establishes semi formal or formal institutions through which microfinance is disbursed .Such institutions are usually formed by extensive help from NGOs and other organizations, who also train the community members in various financial areas of the community bank. Community banks are also part of – community development programme which use finance as in inducement for action (Srinivas 2013, p.2).

Credit Union Model

A credit union is a unique member – driven self-help financial institution. It is organized by and composed of members of a particular group or organization, who agree to save their money together and to make loans to each other at reasonable rates of interest.

The members are people of some common bound; working for the same employer, belonging to the same church, labor union, social fraternity etc. or living or working in the same community. A credit union's membership is open to all who belong to the group, regardless of race, religion, color or creed. It is a democratic, not for profit financial cooperative (Srinivas 2013, p.2).

Grameen Model

The grameen model emerged from the poor focused grassroots institution, grameen bank, started by Prof. Muhammad Yunus in Bangladesh. Groups are self – selecting in the Grameen model, so that members usually known each other, are comfortable with each other. The target poor for the bank are those who are either landless or functionally landless. There are restrictions to conform to the rules of the bank by groups; there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan (Srinivas 2013, p.4)

Group Model

A group model's basic philosophy lies in the fact that shortcoming and weakness at the individual level are overcome by the collective responsibility and security afforded by the form of a group of such individuals. The model is based on group peer pressure where by loans are made to individuals in groups for four to seven. Group members collectively guarantee loan repayment and access to subsequent loans is dependent on successful repayment by all group members (Srinivas 2013, p.4).

This model has broader social benefits because of the mutual trust arrangement at the heart of the group guarantee system. The group itself often becomes the building block to a broader social

network. Group grantee also provides a great opportunity for the poor as it removes the main entry barrier for those with no collateral, limited literacy, weak technical knowledge and narrow money management experience. It provides a great chance to communicate with people, develop social networks, develop the skills to speak in public, learn something from neighbors etc. (Getaneh 2007,P.4).It provides chance to save safely and use wisely as well as invest and increase income sensibly.

Individual Model

Individual model is a straight forward credit lending model where micro loans are given directly to the borrower. It does not include the formation of groups or generating peer pressure to ensure repayment. The individual model is, in many cases a part of a larger 'credit plus' programme where other, socio economic services such as skills development, education, and other outreach services are provided (Srinivas 2013, p.5).

The lending programme essentially targets the productive poor, those determined to involve themselves in the process and the activists that can lift them up from poverty. Individual who are creative, energetic and committed themselves involved in this model to fight poverty and change their lives positively.

Intermediaries Model

Intermediaries model of credit lending positions a 'go-between, organization between the lenders and borrowers .The intermediary plays a central role of generating credit awareness and evaluation among the borrowers including savings programmes .These activities are geared

towards raising the 'credit worthiness' of the borrowers to a level sufficient enough to make them activities to the lenders.

The links developed by the intermediaries could cover funding, programme links, training and education, and research .Such activities can take place at various levels from international and national to regional, local and individual levels. Intermediaries' could be individuals, NGOs, microcredit programmes and banks (Srinivas 2013, p.5).

NGO Model

NGOs have emerged as a key player in the field of microcredit .They has played the role of intermediary in various dimensions. NGOs have been active in studying and participating in microcredit programmes. This includes creating awareness of the importance of microcredit within the community as well as various natural national and international donor agencies. They have developed resources and tools for communities and microcredit organizations to monitor progress and identify good practices. They have also created opportunities to learn about the principles and practice of microcredit. This includes publications, workshops and seminars and training programmes (Srinivas 2013, p. 6).

The integrated community development projects run by OSHO a non – governmental organization at this study area with active participation of the community is a good example of this model. The collaboration of women, youth, community leaders and government agencies have been contributed to bring significant change in the living and working conditions of cooperative members in particular and their local community in general .

Peer Pressure Model

This model uses moral and other linkers between borrowers and project participants to ensure participation and repayment in microcredit programmes. Peer could be other members in a borrowers group (Where, unless the initial borrowers in a group repay, the other members do not receive loans. Hence, pressure is put on the initial members to repay). Community leaders usually identified, nurtured and trained by external NGOs. The pressure applied can be in the form of frequent visits to the defaulter, community meetings where they are identified and required completion (Srinivas 2013, p.6).

ROSCA Model

Rotating savings and credit associations or ROSCAs are essentially a group of individuals who come together and make regular cyclical contributions to a common fund which is then given a lump to one member in each cycle. ROSCA could be seen as the original group-based savings and lending activity. These have been found in the traditional societies across the majority world – from Latin America, Middle East, and South and West Africa (Srinivas 2013, p. 7).

This model is a very common form of savings and credit in Ethiopia. The members of such group are by and large neighbors and close friends who reside in rural and urban parts of the country. In Ethiopian or the study area context, this group provides an opportunity for social interaction and is very popular with women chiefly. This model is widely used across the country in the form of Iqqub, which is a traditional type of informal savings and credit.

Small Business Model

The prevailing vision of the informal sector is one of survival, low productivity and very little, value added. But this has been changing as more and more importance is placed on small and medium enterprises for generating employment, for increasing income and providing services which are lacking.

Policies have generally focused on direct intervention in the form of supporting systems such as training, technical advice, management principles and indirect interventions in the form of an enabling policy and market environment.

A key component that is always incorporated as a sort of common denominator has been finance, specifically microcredit in different forms and for different uses. Microcredit has been provided to SME directly, or as a part of a larger enterprise development programme, along with other inputs (Srinivas 2013, p.7).

Village Banking Model

Village savings and credit banks are true banks used by villagers to make their savings safe and productive by granting loans to individuals or groups who belong to them. Village banks are community – based credit and savings association. They typically consist of low – income individuals who are seeking to improve their lives through self-employment activities. Initial loan capital for the village bank may come from an extra source but the members themselves run the bank, they choose their members, elect their own officers, establish their own by - laws, distribute loans to individuals, and collect payments and savings. Their loans are backed, not by goods and or property, but by moral collateral, the promise that the group stands behind each other (Srinivas 2013, p.8).

These models originally tested in the landscape of Bangladesh and these best practices replicated in the world, Africa and Ethiopia at different time and place. Thus, the subsequent topics elucidate the savings and credit cooperatives emergence in the World and Africa; and its development in Ethiopia.

Cooperative Model

A cooperative is 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. Cooperative function includes provision of loans and collecting savings (Srinivas 2013, p.3).

Cooperative is viable alternatives for reaching remote, impoverished rural area and women in difficulty situation in fighting poverty; in building their confidence, in enhancing their decision making power and in realizing their strategic choice (WMI 2013,p.1).

2.3 Emergence of Savings & Credit Cooperatives in the World

The first generation of pioneers of modern cooperative emerged in certain working class environments in European Industrialized cities of the 19th century. In 1840s, the first industrialized countries in Great Britain and France became ,the pioneers' of cooperative with a form of consumer and labor cooperatives to defend and promote the interests of working - class families in the face of social disasters engendered by the phenomenon of industrial revolution(Mwakajumilo 2011,p.43).

The second generation of the pioneers of modern cooperative emerged, not in the cities, but in certain European rural environments in the late 19th century. In the 1860s, the pioneers invented

the formulation of agricultural cooperatives and savings and credit cooperatives inspired by the success of the consumer cooperatives formula in Great Britain and based on old traditional customs of rural solidarity, which aimed to meet the foremost economic needs that went unsatisfied as a result of two factors. Namely; the first factor was that agricultural cooperatives enabled families of farmers and livestock raisers to organize their own supply systems of agricultural inputs and market their products being no longer depended on merchants and business men in the cities. The second factor was focused on the fact that the SACCOs enabled to cease longer dependency on moneylenders by putting in place the new credit facility that required necessary to modernize their agricultural cooperatives. In Europe, in the late 19th century, especially in Italy there were peoples' bank with none of characteristics of the SACCOs named as mutual benefit societies or cooperative syndicate (Mwakajumilo 2011, p.43).

Almost all of the industrialized countries of the North, especially the United States of America used agricultural cooperatives for savings that enabled rural families farming and handcraft to become integrated into national and international markets and constantly raised their living - standards until they attained a level comparable to that of the urban environment.

According to Rosen (2012, p. 1), the emergence of cooperatives has various manifestations in different part of the world based on tradition, customs, religious and types of rule. Accordingly, in Asia, community life is above all shaped by religious affiliations and by ties with certain castes, families or clans and tribal membership assigning the individual his or her place in the collective. But rather like in medieval Europe, there were also guilds, brotherhoods and other forms of cooperation supported by self-help that were oriented on common soil management , mutual financial support and assistance in emergencies.

By contrast, in pre- colonial Africa societies, it was not so much religious affiliations role regarding the predominant forms of cooperation, the obligation to work for the community in areas ranging from farming and fishing to implementing jurisdiction was focused on the goals of meeting subsistence –oriented community needs with collective self help.

In pre – colonial Latin America societies, there is also evidences of similarity hierarchical structured obligations to perform community works that are linked to indigenous oligarchies. By the 20th century, at least, most of the pre or early cooperative forms had either been replaced with modern western models of cooperatives or at least they had been covered over by them (Rosen 2012, p.2).

There are four models that influenced the development of cooperatives right through the world. Each model is related to the founder of these types of savings and credit organizations. The following are the different cooperatives models not only in European and American contexts, but also over across the world including African and Asia. These are:

The Raiffeisen model: Raiffeisen is a German who developed a type of organization that operated primarily in the rural world. The emphasis is on combating poverty. A cooperative ‘ for the poor’ need not be necessarily economically successful if it contributed to poverty alleviation by initially guiding people who would otherwise have no prospects of gainful employment owing to their sex, their ethnic affiliation and their lack of education towards the capability of productive self-help. He wanted to make credit accessible to farmers based on Christian compassion (Rosner 2012, p.3).

One of the principles this model is seen as, loans were granted to members only and financed by their savings. This principle is helpful in combining and focusing scarce resources and sharing risks as well as generating alternative solutions to their challenges.

The Schulze – Delltsch model: he is also a German pioneer who developed organizations for crafts- men, small merchants and independent employers. He used the principle of subscription that the banks offered remunerations on capital. His principle is that “the members are bond to participate in the administration and management and make decision as a whole in the last instance “(Mwakajumilo 2011, p.44).

The Luzzati model, the model developed the first ‘people’s banks’ around 1860s located in the cities offering services to the rural environment. The model has stressed the morale side of cooperative actions by evaluating borrower’s morals towards having reserve fund from annual profits and low cost transactions and transferable equity shares.

The Desjardins model; in the early 20th century, Alphoson Desjardins of Quebec had developed his project of savings and credit cooperatives that relied on the values of justice and self – help. Desjardins wanted to fight the usury that victimized the common people. The savings accumulated in the cases would make it possible to meet the credit needs of segments of the population ignored by the traditional banks or exploited by the practices of loans sharks. Democratic authority and open – ended capital was among the principles of Desjardins. A ‘business that growth is a business that creates wealth and jobs’ that is why Desjardins is making every effort to continually provide a better service to Canadian businesses. One in three Canadians is a member of a cooperative (Le roux 2012, p.1).

In 1849 in Germany Herman Schulze and William Raiffersen started the first savings and credit cooperatives to assist people overcome economic problems during the time of famine at that time. In 1850 in England, 'workers in a mill factory started savings and making loans, to help each other. In 1901 SACCOs spread to North America first to Canada by Alphonse Desjardine and then to the USA by E. Filen, a Boston merchant for his employees. In 1970 the World Council of Credit Unions was formed with their Headquarters in Madison Wisconsin, USA, to provide an International Forum for discussion and association, provide assistance to new and developed movements, offer insurance and training on a large scale.

The movement of modern savings and credit cooperative was not merely limited in Europe and America but imported to Africa during the colonial era. Using the fertile ground traditional mode of savings and credit, modern savings and credit has emerged in different parts of Africa.

2.4 Emergence of Savings and Credit Cooperatives in Africa

The swarm the European models of modern cooperative in Africa countries occurred in two historical phases with very different characteristics such as a first colonial stage in which the model was imported and the second post-colonial phases of adaptation or Africanization of the cooperative model (Mwakajumilo 2011,p.45).

In the colonial phase, until the major period of decolonization of Francophone Africa in the early 1960s, the cooperatives formula was especially implanted as such by European colonials. Consumer cooperatives and agricultural cooperatives were thus created in certain areas of colonization.

The pre-cooperative organizations under colonial regime was used the mutual benefit approach in name only and failed to apply practically any of cooperative principles. The first true

experiences in the area of saving and credit cooperative in sub-Saharan Africa were to a large degree, the work of foreign missionaries. These initiatives were supported by the governments of these countries subsequently. The first savings and credit cooperative emerged in English speaking countries, primarily in Ghana, Nigeria and Uganda (Mwakajumilo 2011, p.46).

These initiatives, in the case of Nigeria, dated back to 1951-1953. In Tanzania, the date was back to 1954. All these experiences progressed after independence was achieved in the other French – speaking regions of Africa. Their expansion was only particularly significant in the 1970s.

In 1960, Mauritius became the first French – Speaking country to have SACCOs instituted. One year later, it was Lesotho's turn and Malawi's in 1962. Cooperative credit union appeared in Cameroon in its English – speaking area of North West province in 1964 and in Liberia in 1965. The second Francophone country to have SACCOs was Togo in 1964, with the help of missionaries.

According to Ghana Cooperative Credit Union (2013, p. 3), in 1955 the first SACCO was introduced in Africa by Father John McNulty an Irish Canadian in Ghana to assist villagers improve their economic conditions. In 1965 the Africa Confederation of Cooperative Society Savings and Credit Association was formed in Nairobi, Kenya as a Pan African body. It was formed to promote the SACCO principles, provide a forum for discussion, offer insurance to SACCO members on life savings and loan protection and educate affiliate members on a wide variety of credit union issues. The SACCOS are still in progress in African landscape of financial systems offering savings and credit services.

The Sub-Saharan Africa (SSA), as elsewhere, inequalities persist between women and men in terms of access to and control over social, political and economic resources and opportunities for

participation. In employment , women are found more often than men in informal and precarious works with particularly pronounced imbalances in some sectors with regard to agriculture , women are estimated to produce up to 80% of the food in Africa. Yet, when it comes to agricultural inputs and services, the share going to women is meager: they receive only 7% of agricultural extension services, less than 10% of the credit offered to small- scale farmers, and own only 1 % of the land. This implies that women in the region are excluded from more lucrative agricultural opportunities, and confined to unpaid as well as subsistence means of earnings (ILO 2009).

In Sub- Saharan Africa, the poor, particularly those in rural areas, value both deposit and credit functions. The existence and growth of cooperative banking and combined savings and credit cooperatives in the financial systems in sub – Saharan Africa reflects the growing demands for both savings and credit facilities. Group-based savings and credit cooperatives are more common in the Sub -Saharan Africa, like elsewhere; rely on peer pressure and joint responsibility to ensure savings and loan repayment. Donors and NGOs have played an important supportive role in the development of savings and credit cooperatives in Sub –Saharan Africa. Most importantly they helped to disseminate best practices tested internationally and regionally, build local capacity, and develop the entrepreneurial skills of cooperative members.

Governments in Sub – Saharan Africa has played a key role in promoting the financial systems through putting in place the necessary laws and regulations. However, there are varying widely across countries institutional capacities, skilled personnel and differences in approaches.

Savings and credit cooperatives continue to develop across all parts of the continent including eastern Africa's countries. Savings and credit cooperatives have a long tradition in Tanzania,

which represent 54% of the financial services providers. The number of members' growth from 750,000 in 2005 to 1,600,000 in 2008. The number of Rwandese accessing formal financial services increased to 42% of the population from 21.1% in 2008. As of 2007, there were 5,122 registered cooperatives in Kenya. The cooperatives increased from 19,147 in 2006 to 24,167 in 2007 in Ethiopia. The number of members increased from 3,911,834 in 2006 to 4, 668, 564 in 2007; of this 18% of members was women (ILO 2009, p.9).

According to Schwettmann (2011, p.1) in the great majority of African countries “Modern” cooperatives were introduced by colonial powers who translated their own cooperative systems into their colonies and protectorates. Through empirical research this can distinguish” five traditions “such as the unified model, mostly found in former British colonies, as an attempt to develop a single, vertically structured as horizontally integrated cooperative movement that is built around the marketing and processing of agricultural cash crops such as coffee and coca; the social economy tradition, prevalent in French speaking countries, where the cooperative is just but one of different forms of organizations and enterprises that are based on a common bond and a common goals; others forms include associations and mutual benefit groups; and the social movement tradition where cooperatives emerge from, or are promoted by, other movements, such as trade unions and cooperative development in the former Belgian colonies of Central Africa.

The Portuguese colonial cooperative development; strategy promoted a so- called “producers tradition” whereby cooperatives became functional instruments of rural entrepreneurs and households; the economic role of the cooperative, thus preceded its social and societal role; and finally, several African countries; such as Ethiopia Liberia and Sierra Leone developed their own, homebred cooperative traditional through the local adaptation of concepts and ideas.

Organized, visionary, consistent, and determined efforts of cooperative members, GOs, NGOs, Donor agencies and community based organizations are the most important tool to reverse women vulnerability, exclusion from involvement in power and resource sharing, in changing their lives , their families and their communities as well as to contribute to their nation. This requires commitment by leaders, actionable policy, reinforcing of rule of law, effective services provision and other governance reforms.

2.5 Development of Savings & Credit Cooperatives in Ethiopia

Traditional cooperatives associations existed in Ethiopia society centuries ago in the form of Iqqub, and Idir. Iqqub is an association of people having common objectives of mobilizing resources, especially finance, and distributing to members on rotating basis. Idir is an association of people that have the objective of providing social and economic insurance for the members in the events of death, accident, damages to property, among others. In the case funeral, Idir serves as funeral insurance where community members elect their leaders, contribute resources either in kind and in cash and support the mourning members (ILO 2009,p. 9).

The history of modern cooperatives in Ethiopia goes back to 1960s. However, until very recent time, cooperative societies couldn't successfully attain their intended goals and objectives, mainly due to the undemocratic nature of the cooperative systems, shortage of trained human resource and capital. After undergoing bad experiences in the past times, cooperatives are now reviving and emerging as a new, although their development in the country is still at infancy stage.

Modern form of cooperatives started in Ethiopia during the ruling era of Emperor. In 1960 the first legislative called "Farm Workers Cooperatives Decree" was declared as Decree

No.44/1960. Decree No.44/1960 had no full version of cooperative proclamation and only limited to agricultural cooperatives that didn't incorporate cooperatives that were emerging in the country like SACCOs.

After the over throw of the monarchical system in Ethiopia, the military Junta has got the chance to come to the power in 1974. The peasant associations were given legality by proclamation no. 71/1975. In this proclamation, the objectives, powers and duties of peasant associations, service cooperatives and agricultural producer cooperatives were clearly stated. The Cooperative Societies Proclamation No. 138/1978 was issued later in order to include other type of cooperatives like Housing, Thrift and Credit and Handicrafts etc. After the downfall of the Derg Regime, the present government enacted new cooperative of Agricultural Cooperative Societies Proclamation No.85/1994.

A proclamation No. 147/ 1998 to provide for the establishment of cooperative societies had been also declared by the Federal Government of Ethiopia to bring all types of cooperative societies under one umbrella. Later on the Federal Cooperative Commission that currently changed to Federal Cooperative Agency based on proclamation no. 274 / 2002 was established in 2002. More over to correct the short- comings in the proclamation 147/1998 amendment 402/ 2002 and regulation number 106/2002 became important instrumental legal documents adopted in alignment to consolidate the cooperative movement of the country.

According to Dejene (1993, p.16) in Ethiopia only about 1% of rural households maintain bank accounts. Thus, the informal financial sector is one of the most important sources of rural finance and accounts for agricultural credit. The major sources of finance in this sector are relatives and friends (78%), cooperatives 19%, and moneylenders (3%). In Ethiopia, there are a number of

commonly found community based indigenous savings and credit groups, which are also widely used by women. One of the Community Based Organizations (CBOs), known as Iqqub is an informal, ad-hoc association organized by members for the purpose of pooling their savings in accordance with rules established by the group. Members agree to deposit monthly or weekly contributions of a fixed sum with an elected treasurer or, where accessible, in a bank. Lots are drawn weekly or monthly by turns and members in need can purchase the winner's lot by paying a premium.

The other common Community Based Organization (CBO) is an Iddir which is an informal association, whereby savings are made primarily for the purpose of covering the cost of funerals or weddings. A Mehaber is an informal, religious association that draws its members from the church to raise money for medical and burial expenses. In this sense, moneylenders are well positioned, with terms and conditions that are quick, simple, convenient and flexible, for most accessible source of funds for the rural poor outside of family and friends. Therefore, CBOs play a significant role in savings and beneficiary mobilization, and are considered to be effective ways of targeting clients as some of the CBOs are uniquely controlled and owned by women.

The first legal framework for cooperatives was enacted in 1960 through the Farm Workers Cooperative Decree which was followed by a more comprehensive legal framework for the development of cooperative societies in 1966. At the moment, the co-operative sector is governed by provisions enacted through Proclamation No. 147/98.

During Emperor Haile Selassie's, before 1974, cooperatives were few in numbers and were less recognized. The cooperatives mainly engaged in production of industrial crops, such as tea and species, members of cooperatives were just a few producers of these crops and land owner.

According to ILO (2009,p.15) in 1974 there were 149 cooperatives including 94 multipurpose cooperatives, 19 SACCOs, 19 Consumers cooperatives and 17 handcraft cooperatives. The number of cooperatives has significantly increased during the Derg regime (1974 -1991) that is 10,524 primary cooperatives having 4,529,259 members. The regime considered cooperatives as a mass movement that could ensure equitable mobilization and distribution of resources. They were viewed as instruments for planning and implementation of government policies to achieve their objectives. They were forced to operate in line with the government principles and the number of cooperatives declined from 10,524 to 7,366, in 1991as the result of the Derg regime downfall.

According to the Federal Cooperative Agency (2007a) and ILO (2009, p. 16).as the result of favorable government policy support for cooperatives provided by the existing government, the number of cooperatives again started to increase. In 2004 there were 8,009 primary cooperatives with 4, 060,000 members. In 2005, an additional 6,072 new cooperatives were established, raising the total number of cooperatives into 14,081, with a membership of 4,230,000 members, 5,066 new cooperatives were established in 2006. The number of primary cooperatives further increased from 19,147 in 2006 to 24,167 in 2007. The women were constituted 18% of the entire membership of the cooperatives.

Unlike other formal financial institutions like banks and micro finance institutions, savings and credit cooperatives are owned, controlled and capitalized by their members. This implies that the savings and credit cooperatives are not subjected to supervision and regulation of the National Bank of Ethiopia. The Federal Cooperative Agency is responsible for the coordination of their activities at national level, Regional Cooperative Agency at state level and District Cooperative office at local level.

The Ethiopian Microfinance Strategy (2008 -2010) indicated that one of the weaknesses reflected in the co-operative sector is poor administrative and financial management. On the other hand the government through the relevant agency is not adequately equipped to support the monitoring and controlling capacity of the cooperatives. The priority support for this sector is to enhance its coordination, create a central database, institute a national federation which is related to the microfinance network and facilitate monitoring and review control.

Therefore ,the savings and credit cooperative societies have been operating in rural and urban areas of the country to accomplish its objectives- to - solve problems collectively, which members cannot individually achieve, in order to achieve a better result by coordinating their knowledge, wealth and labor; to promote self-reliance among members; to collectively protect; withstands and solves economic problems. The other objectives of the cooperatives are to improve the living standards of members by reducing production and service costs by providing input or service at minimum cost or finding a better price to their products or services ; to expand the mechanism by which technical knowledge could be put into practice; to develop and promote savings and credit services ; to minimize and reduce the individual impact of risks and uncertainties; and to develop the social and economic culture of the members through education and training.

2.6 Development of Savings & Credit Cooperatives in Oromia

According to Oromia Regional State Cooperative Agency (2006 ,p.25) the total number of primary cooperatives in Oromia was 2,396 in 2002, which has reached 12,696 in 2005 .The number of members embraced by the cooperative societies, has increased from 1,269,000 in 2002 to 1,804,621 in 2005. The participation of women in cooperatives was observed to be significantly low, as they constitute only 8.9% and 19.5% of the total number of the members in

2002 and 2005 respectively. In the same token, the number of women cooperative members made up about 112,941 and 824,850 out of the total households that resided across the region during the specific reference years respectively.

The existing cooperative societies, about 65% of them are organized and operate as multipurpose, 21% as savings and credit and 5.6 % as irrigation cooperative societies. The rest are organized and operate in the areas of dairy products processing and marketing, housing, fishery, handicrafts, cobblestone, butchery, dairy, poultry, animal fattening, sugarcane production, mining and consumers.

The cooperatives in Oromia have also encircled with many challenges, as common features of other places too. Most of the cooperatives lack entrepreneurship attitude, their managerial and business skills are very much limited, they lack adequate access to finance to meet their working capital and investment requirements and they lack access to market, market penetration and information.

These challenges have again required:- intensive capacity building, facilitation of access to credit, creation of necessary market infrastructure, provision of assistance for cooperatives to access to business development and information services ; either to eliminate or mitigate their potential effects that hindered members 'to ripe the full benefits that derived from cooperative movement.

Cooperatives are the key to overcome poverty. Hence, expansion of the cooperative movement that encompasses various sectors of the society and their ultimate certification ought to be aggressively undertaken in rural and urban areas of Oromia Regional State; although same holds true in the case of other regions experience too. The women savings and credit cooperative in Zuway Dugda District also considered as the reflections of this ground reality.

2.7 Savings and Credit Cooperatives as tool for Poverty Reduction

Savings and credit cooperatives are seen to expand poor people's access to financial services like loans and savings; support enterprise start-up and expansion and reduce vulnerability by allowing the poor to accrue savings, building assets and smooth out consumption. They are one of the largest providers of microfinance services to the poor by reaching close to 78 million people living below \$2 a day (UN 2009).

Poverty is not merely a lack of incomes, focusing only on increased income as a measure of the impact of savings and credit cooperative is not the means of reducing poverty sustainably. This indicates by only increasing the income of the poor women, savings and credit cooperative services are not reduced poverty in a sustainable manner. It depends on what the poor women do with the money, oftentimes; it is consumed or spent on a planned activity. Focusing only on increasing income is not enough but investment or expansion of business is paramount to break the vicious cycle of poverty.

The focus needs to be on helping the poor to sustain a specified level of well-being. Through offering women a variety of financial and non – financial services tailored to their felt needs so that their assets and income security is improved. Savings and credit is not just providing financial and non- financial services to the poor women, but also combat poverty at individual and cooperatives levels.

Savings and credit services have significant contributions to increase income of the poorest of the poor including women, financial services contributing to the smoothing out of peaks and troughs in income and expenditure thereby enabling the poor to cope with unpredictable shocks and emergencies. Through, association of loan with an increase in assets, promotion of

cooperative member borrowers to invest in low – risk income generating business activities and, supporting of poor women to save, the vulnerability of the poor women is reduced and their poverty situation improves.

Savings and credit cooperatives are the most vital instrument that is used to build capabilities of economic to earn an income, to consume and to have assets, which are all key to food security, material well – being and social status; human capabilities are used on health, education, nutrition, clean water and shelter; political capabilities that include human rights, voice and some influence over public policies and political priorities; social – cultural capabilities concern the ability to participate as a valued member of a community and protective capabilities enable people to withstand economic and external shocks (OECD 2001,p.37).

Thus, savings and credit cooperatives are an important access point for poor women for financial and non-financial services to escape from debilitate poverty. The engagement of women in cooperatives not only improves their economic status but also improve the decision- making capabilities that led to overall empowerment.

2.8 Role of Savings and Credit Cooperatives on Women Economic

Development

The UN has acknowledged important direct and indirect impacts on socio-economic development in terms of promoting and supporting entrepreneurial development ,creating productive employment ;raising incomes and helping to reduce poverty while enhancing social inclusion ;social protection , and community-building (UN 2009).Various studies are argued that cooperatives not merely directly benefit their members , but also have sound effects for the rest of community.

Economic empowerment of women includes women's access to savings and credit gives them a greater economic role in decision making through their decision about savings and credit .When women control decisions' regarding credit and savings , they optimize their own and household welfare. Access to savings and credit facilities to women enable them to increase expenditure, on the well-being of themselves and their children. This is the main concern in the poverty alleviation.

Thus, savings and credit cooperative services have potential to lead women to economic empowerment in many ways such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, market development, the district community development, the regional and the nation development.

2.9 Role of Savings & Credit Cooperatives on Women Social Development

Social capital is the formal and informal social relationships or social resources form which various opportunities and benefits can be drawn by people in the pursuit of livelihoods. These are developed through networks and connectedness to increase people's trust and ability to work together and expand their access to wider institutions; membership of more formalized groups which often entails adherence to mutually agreed or commonly adopted rules, norms and sanctions and relationships of trust, reciprocity and exchanges that facilitate cooperation, reduce transaction cost and may provide the basis for informal safety nets amongst the poor (DFID 2001).

These social resources are developed through investment in interactions of work or shared interests that increase people's ability to work together; membership of more members in which relationships are governed by accepted rules and norms; relationship of thrust that facilitate

cooperation; reduce transactions costs and sometimes help the development of informal safety nets among the poor. Social capital or resource is the means of creating network among cooperatives, agencies, individuals to acquire knowledge, access information and to equip with better marketable skills that enhance members' competency in a competitive working condition. Women savings and credit cooperatives are required the skills to utilize social capital or resources that facilitates information, education and healthcare as well as empowerment.

Women Savings and Credit Cooperatives that have strong social capital can have momentous contribution in transforming the poor women from meager financial economy or poor household bread - wining to money - making. Cooperatives are the tool of social development of poor women to positively change their lives. Social capital is the best tool for poor or marginalized women express their voices to make their choices thereby to make a difference in their lives, their families and communities.

Social networks, social mobility and involvement in collective action are some of the vital aspect of social capital. Therefore, social capital is vital to build mutual trust, improve the efficiency of economic relations, and increase incomes, improve the management of common resources, and facilitate social networks for innovation as well as development of fund of knowledge and sharing of that knowledge.

2.10 Role of Savings and Credit Cooperatives on Employment Creation

Cooperatives service has positive implication on employment and income-generation in various ways. First, they create employment opportunities by offering direct wage employment to people who work in them, and by guarantying a decent self – employed income for their members. Second, cooperatives increase income generation by creating opportunities for members and by

negotiating for better prices to improve members' profit making margins. Third, they make loans available to their members for a variety of uses, the most common of which has been the expansion of employment and income generation opportunities, fulfilling of consumption and other basic facilities to the members, their families and their community.

The employment and income generation opportunities of savings and credit cooperatives have adverse positive impact on healthcare and education of members and their families. Members use income and loans to educate their children in properly feeding, providing health care and minimizing dropout students due to lack of family support. Cooperatives are created opportunities to undertake initiatives to educate and train their members to build their competency in their area of business operation.

Cooperatives play important role in social protection by providing members with emergency loans to cope-up with unexpected events or emergencies, such as sudden death, food crises, and health related problems. Thus, increasing access to education and skills development training, increasing access to health care facilities and increasing employment opportunities are the basic service of savings and credit cooperatives in human capital asset development perspective.

2.11 Empowering Women through Savings & Credit Cooperatives services

Women savings and credit cooperative is one of the means of interventions that leads to women empowerment by increasing their income and their control over assets, enhancing their knowledge and skills in various income generation schemes and increasing their participation in household and community. Empowerment is a process through which the cooperative members get control over resources, opportunities to exercise political power to reach ultimate goals. Empowerment includes power over personal choices, power over the defining of own need,

power over expressing of own idea, power over cooperatives, power over resources, power over economic activity and power over reproduction. These are vital for disadvantaged groups to determine the course of their lives.

OSHO (2009, p.38) elucidates that access to savings and credit cooperative can empower women to become more confident, more assertive, more likely to take part in family and community decision-making process and better capable to confront gender inequality. Savings and credit cooperative can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that wasn't there previously.

According to the Report of the United Nations (2005) on improvement of the situation of women in rural areas, women must not only have equal rights capabilities, but they must also have the agency to use those rights, capabilities; resources and opportunities to make strategic choices. Empowerment of women in rural areas is dependent on several factors; including ownership and control over land, access to diverse types of employment and income – generating activities, access to public goods; infrastructure, education, and training, health care and financial services; markets and opportunities for participation in political life and in the design and implementation of policies and programme.

In general, some studies find out that women involvement in the Savings and Credit Cooperatives results in women's economic, social and political empowerment, while other conclude that women involvement in Cooperatives gives way to greater subordination of women by giving opportunities to husbands to have control over resources. As a result of this provision of the Savings and Credit Cooperative do not automatically results in economic, social and

human capital assets development. The Assessment of Women Savings and Credit Cooperatives Services findings also indicated that Cooperatives are the best tools that enhance economic assets such as income , expenditure , housing and household assets , access to food ; social capital assets include social network , social mobility and involvement in family , community and social actions, and human capital assets consist of access to education and skills development training ,access to health care facilities. Women empowerment concepts also indicated that the importance developing women ability to economically self – sufficient, build confidence and ability to negotiate to their rights in the household and in the community settings, as well as access to and control over resources. The concerns of Cooperatives are to provide financial and non-financial services to poor rural women to enhance their empowerment and reducing their poverty. Cooperatives' are the most instruments that are used to develop women personal and social capabilities in employing various poverty reduction approaches and empowerment strategies. They are the best tools to economic empowerment, improving standard of living, building self confidence, enhancing awareness, and developing sense of achievement. Cooperatives are means of increasing social interaction, engaging in political activities, increasing participation in family and community affairs. In addition to financial services, cooperatives are used to equip women with qualities of leadership and skills of problems solving. Thus, the researcher argue that Savings and Credit Cooperative Services have meaningful contributions on economic, social and human capitals assets development of poor rural women in improving their income, expenditure, food consumption, eduction and health care facilities and empowerment and decision making power in the affairs of the family and community .

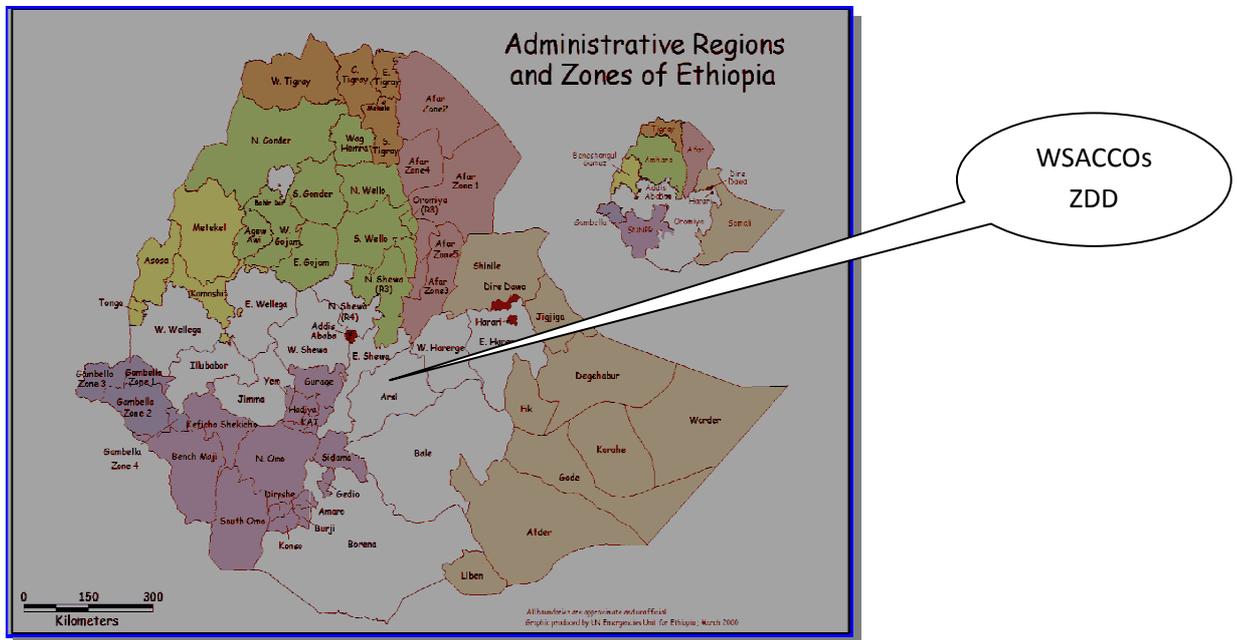
CHAPTER THREE

STUDY DESIGN AND METHODS

This chapter describes the processes, strategies and procedures involved in conducting the study. It also describes the study area, discusses study design, approaches and methods, universe of the study, sampling method, sample size, data sources, and tools/instruments and procedures for data collection, data processing and analysis, as well as ethical considerations.

3.1 Description of the Study Area

This study was conducted in Zuway Dugda District, in Arsi Zone of the Oromia Regional State of Ethiopia. It is situated at 156 Kms away from Addis Ababa. The area is located in the Rift Valley, which is also situated at 1,500 and 2,300 metres above sea level.



Source: Baseline Survey, 2009.

Figure 3.1 Location Map of Zuway Dugda District in Ethiopia

In the District, the annual average rainfall ranges from 500 to 800mm. The rainfall is bimodal, classified into a short and long seasons, which occurs between the months of February, April, June and September correspondingly. The temperature in the study area varies from 15 °C to 30°C. These characteristics indicate that the climate is semi-arid in Zuway Dugda District.

The District has an approximate surface area of 1,044km² and is comprised of a total of 35 villages, of which 34 are rural and one is semi- urban areas. Ogolcho is the capital of the District. The total population of the area was 120,000 people in the year 2009, of which 97% of them concentrated in the rural areas while the remaining 3% in the semi- urban centres. Females accounted for 50.3% and 57.9% of them resided in the rural and urban areas respectively (IO; 2009, p.8).

3.2 Study Design and Methods

This study tried to assess the savings and credit cooperatives services 'in mitigating the effects of poverty at household and community levels. The researcher thus employed non- experimental study design. In addition, both quantitative and qualitative research approaches to achieve the objectives and to address the research questions. Specifically, the researcher used descriptive sample survey research method of the quantitative research approach. Semi –structured interviews, focus group discussions, observations and documents analysis research methods of the qualitative research approaches.

3.3 Universe of the Study Method

The universe of the study would consist of all the women who have been members of the Savings and Credit Cooperatives in Zuway Dugda District in the Oromia Regional State, South -

East Ethiopia. There were a total of thirteen (13) irrigation and savings and credit cooperatives in the District composed of 1,185 cooperative members. Moreover, the study focused on Women Savings and Credit Cooperatives which had a total of 527 women members. Thus, a total of 70 women members of these cooperatives would form the sample in this study.

3.4 Sampling Method

Sampling method selection requires careful sampling procedures so that generalizations may be extended to other individuals, groups, times or settings. Accuracy of observation, quality of imagination, creativity and objectivity are also the most common ingredient of scientific research.

The researcher used both probability sampling method for conducting descriptive sample survey and non- probability sampling technique for undertaking qualitative study in order to generate qualitative data using semi-structured interviews, FGDs observations and document analyses, non- probability sampling method, purposive sampling method was used to select these women membership among the Savings and Credit Cooperatives. This purposive sampling technique was used in that the study required on the part of the familiarity with the area under investigation and their ability to furnish information readily since the researcher also required specific, accurate and appropriate information. The purposive sampling technique was employed because Women Savings and Credit Cooperative members needed to be specifically targeted for conducting interviewing and for administering the interview schedules. Simple Random Sampling (SRS) or the probability sampling was used to examine and to determine those respondents among the selected women members Savings and Credit Cooperatives. By so doing, the researcher tried to ensure that each member of the Cooperatives would get equal chance of being drawn and incorporated in the sampling elements.

The ideal sample should be large enough to serve as an adequate representation of the targeted population about which the researcher wishes to generalize and small enough to be selected economically-in terms of subject availability, expense in both time and money, and complexity of data analysis. A sample size of seventy Women Cooperative members was drawn to undertake the study. The women members who participated in baseline survey had been drawn for the semi –structured interviews to determine whether or not being membership Cooperatives the improved their poverty status ,income ,expenditure ,shelter ,household assets ,etc.

In order to check and verify the qualitative data collected from the informants through interviews, focus group discussions held with another ten discussants that had been purposely selected by the researcher based on their similar background and interests. During the focus group discussion sessions, the researcher developed questions that were believed to be best in eliciting individual opinions on the performance and benefit of the SACCOs. At a convenient venue, those questions were forwarded to the group participants and opinions of the discussants were gathered and written in a logbook accordingly. Moreover, to obtain additional clear and precise insightful data, semi-structured interviews were conducted with three project coordinating staff who had presumably known best how to reach the ultimate objectives of the study. Generally, the convenient date and time of actual administration of the instruments were decided in consultation with respondents of the study.

3.5 Data Collection: Tools and Procedures

According to Roche (2009, p.97), the choosing of appropriate tools and methods depends on the purpose and focus of the impact assessment, its context, the capacity and skills of those involved, and the resources available. One of the major skills needed is managing properly the results obtained by those combinations and sequencing of tools and methods. Therefore, the major

tools/instruments opted to be used for actual data collection of this study were interview guide /protocol /schedule, observation schedule , focus group discussion schedule and documentary analysis matrix in order to generate both primary and secondary data on Women Savings and Credit Cooperative Services.

The researcher followed the procedure for asking only one question at a time, repeat a question (if necessary) in order to make sure that the interviewee has understood the question, and then listen carefully to the interviewee 's responses ,observe the interviewee's facial expressions ,gestures and tones / voices so that the researcher may derive meanings from informants' body language. The researcher further allowed the informants sufficient time to answer the questions, avoided suggesting answers to questions, and maintained a neutral stance, used tact and skills in getting the informant back to an area of inquiry when she/he had strayed too far away from the original question raised. The researcher generally used logbook to take note to record the responses in details.

3.5.1 Interview Schedule

The interview schedule was formulated to explore and to collect the respondents written reflections on the contributions of cooperatives in economic, social and human capital assets. Seventy cooperatives members participated in the research study. A pilot test was held with ten women respondents that have similar interests, socio – economic background to gain clarity of questions included in the semi-structured interview. Subsequently appropriate modifications were made based on the feedback. The pilot helped the researcher to refine the interview schedule was designed to collect pertinent quantitative and qualitative data from the selected respondents regarding their demographic condition ; employment situation ; monthly income ; accessibility to basic facilities ; members' expenditures patterns; their decision making power in

family and community affairs; and problems they faced during their involvement in savings and credit cooperatives. The researcher also considered the possibility of providing for anonymous responses for delicate or confidential information to obtain objective and honest responses. In general, the interview schedule consists of close , open-ended and mix questions which were used to assess the general profile ,income, and asset ,expenditure ,access to education ,access to healthcare, employment creation ,savings and loans disbursement ,training and experience ,decision making power and general information and perception of the respondents regarding the positive contributions of Savings and Credit Cooperatives.

During the actual survey undertaking, data on income of the respondents in terms of income generated from farm and non - farm income sources were considered in measuring monthly income of the respondents. The assets improvement of members in terms of shelter, household assets (like, TV, Radio, Mobile and other furniture) was considered.

Therefore, the researcher conducted the survey in the office of the Cooperative using the interview schedule. Before the researcher engaged in administering the instrument, the researcher had chatted briefly with each respondent in attempt to put both the researcher and the respondent at ease. Then, the researcher prepared each respondent for the interview by explaining the purpose of the study, ethical considerations and confidential issues and by gaining their verbal consent.

3.5.2 Interview Guide / Protocol

In order to use the interview schedule to collect both quantitative and qualitative data, the researcher prepared data collection plan and went for conducting field survey in the District. The researcher thus contacted the Project Coordinating Office to identify and select the sample respondents carefully before administering the schedule. The Project Coordinating Office played

an important facilitation role to contact the leaders of the Cooperatives to reach the Cooperatives' members who had been members from the very beginning; and those members who were willingly cooperate in providing the desired information.

Semi-structured interviews were also conducted with Project Coordinating Office staff to collect additional relevant information and general in character that contributes to the achievement of objectives of the study. The project manager, the women savings and credit cooperative coordinator and the facilitator were participated in the semi- structured interview to collect additional information which was essential for dissertation writing.

3.5.3 Focus Group Discussion Schedule

In this study, the Focus Group Discussion (FGD) was conducted with women participants in order to substantiate the findings of individual interview and to complement data generated from other sources. The Focus Group Discussion was held after the completing the individual interviews. The purpose of FGD was to confirm and crosscheck the findings of individuals who participated in interviews. The Cooperative members who had participated in FGD were a total of ten women composed of various committees such as (management, control, loan, education savings and dispute resolution). The FGD was therefore organized and conducted to collect qualitative data. Accordingly, an open- ended focus group discussion using FGD schedule was prepared and utilized to gather data about the member's ,as well as member's perspectives on the assessment of the SACCO effect pertaining to the lives of the members and to obtain deeper understanding of the socio-economic effects of SACCO on the livelihoods of the members. Accordingly , information about the respondents' economic status , members' sources of income , social network, change in their family's consumption pattern , members participation in decision making process both at household and community levels , income generating activities

undergone so far and the benefits these programmes brought to the members were discussed. The respondents generally demonstrated great enthusiasm, positive discussion and active participation.

3.5.4 Observation Schedule

According to Best and Kahan (1999, p.229) observation is a process in which an observer observes various situations and record pertinent occurrence. Observation, as a research data - gathering method, demands rigorous adherence to the spirit of scientific inquiry to make sure that it is valid and reliable. The researcher engaged in systematic and perspective observations to have better understanding of the cooperatives setup, contributions of cooperatives to members and their family and community. The researcher employed observations and recording of data simultaneously. The researcher took utmost care to keepout personal influences, biases, attitudes and values from the observation report.

The observation that was made by the researcher comprises of visiting different settings of business, home, school and office. The direct observation focused on the Cooperative members sheltering, housing assets, farm and non – farm activities. The women role in their households and public institutions, members social networks and there free mobility were discussed with the informants.

The women Cooperative members' status in their households and community was meticulously observed. Women empowerment in their family and community development programmes carefully observed. The observation report was supported with the use of camera to allow the observed events to a certain degree of accuracy. The specific events observed and recorded listed in the observation schedule for the purpose of the study. Thus, this instrument was helped the

researcher to observe and to collect some real- life situations and events from the villages of data collection.

3.5.5 Document Analysis Matrix

Documents are records which elucidate a process of the Cooperative members' development, or the occurrence of event. Documents bring together ready- made data of far-flung periods and places for systematic analysis. The documents have been considered by the researcher comprise of baseline survey, project proposals, by-laws, leaflets, proceedings, annual reports and letters that were produced, corresponded and availed by OSHO, Donor, and Cooperatives pertaining to different variables under investigation. These documents constitute an invaluable source of information to know and understand the past events so as to gain perspective on present and future, the cooperative policy of the land. Cooperatives approach to poverty reduction and empowerment of poor rural women, donor and implementer policy of funding. The focused documents contributed to indicate the starting position from which to measure the change occurred as a result of organizing themselves in the Cooperatives and systematic approach to poverty reduction and poor rural women empowerment.

3.6 Data Processing and Analysis

In the study both quantitative and qualitative data processing and analysis were used. The responses collected from the quantitative questions, related to socio- economic characteristics, household income, expenditure of the respondents, were carefully collected and recorded. The qualitative information received from semi - structured interviews, focus group discussions and observations were first transcribed verbatim notes in a logbook. Next, the researcher entered data cleaned their and analyzed.

Afterwards, the researcher used thematic and content analysis to identify relevant categories of themes and issues. These themes and issues were Putin folders and used while writing the thesis. Following, completion of the survey undertaking the researcher once again checked for their completeness, and verified them. Next in order to facilitate data processing and analysis, coding of the quantitative and qualitative data collecting was made. Thus, these codes were transferred into a master chart and then into a codebook. Based on the pieces of information in the codebook, the researcher designed data entry template using Data View of the SPSS Window. Besides, using Statistical Package for the Social Scientists (SPSS), where descriptive statistical techniques, such as frequency distribution tables' measures of central tendency, and measures of dispersion were employed to summarize and to describe general characteristics of the women respondents, bivariate correlation were used to assess the effect of characteristics of respondents on dependent variables, while the influence of independent variables on the dependent variables was assessed using Person's movement coefficient of correlations for appropriate variables.

3.7 Ethical Considerations

Prior to the actual data collection, the researcher contacted OSHO and facilitated the entry points to the sample Cooperatives. All target groups who had participated in the study were required to give oral consent after the explanation of the research objectives, procedures and confidentiality, as well as the benefits and possible risks. The subjects could withdraw from the study any time or refuse to answer any question in research process. Finally, the researcher managed to get informed consent on the part of the respondents' successfully. In the end, the researcher ensure that all pieces of information that had been collected from them were used only for academic purpose to prepare this research project report aimed at fulfilling in partial fulfillment of the requirements for MSW.

Generally, the researcher had tried to consider the respondents' and informants' psychosocial conditions while collecting pertinent quantitative and qualitative data from primary and secondary sources.

CHAPTER FOUR

MAJOR FINDINGS AND DISCUSSIONS

This chapter is structured into three parts. It comprises the findings of the survey based on the interview schedule, focus group discussions with women cooperative members, observations of members' households and the Cooperatives' settings and semi – structured interview with Project Coordinating staff, as well as observations of study area in addition to documentary analysis of relevant documents. Generally, the chapter is organized in terms of issues stated in the specific objectives of the study. Accordingly, it is organized into the role of the Cooperatives Services in reducing poverty, the contributions of the Cooperatives to improve the rural women's income, expenditure, shelter, household assets, and access to food items, access to education, access to healthcare services, and other opportunities to them, and improvement in terms of decision making power at both family and community levels in the District accordingly.

4.1 Socio – demographic Characteristics of the Respondents

4.1.1 Respondents by their Residence Place

Women Savings and Credit Cooperatives members reside in six villages selected from Zuway Dugda District of the Oromia Regional State, Ethiopia. The number of participants each village Cooperative is based on the proportion of the size of respective Cooperative to generate data from all Cooperatives in the study villages.

Table 4.1: Residence Places of the Respondents

Village	f	%
Meja Shenan	14	20.0

Hallo	14	20.0
Ubo Bericha	13	18.6
Senbero	12	17.1
Arba Cheffa	10	14.3
Arata	7	10.0
Total	70	100.0

Source: Field Survey, 2012.

As shown in Table 4.1 above a total of 70 respondents were drawn and selected from six villages and participated in the process of the study undertaking. The distribution of the sample respondents were selected from Meja Shenan (20%), Hallo (20%), Ubo Bericha (18.6%), Senbero (17.1%), Arba Cheffa (14.3%), and Arata (10%) villages. In general, more or less good size of the women Cooperatives' members participated in the study based on the size of members of each cooperative.

4.1.2 Socio – economic Characteristics of the Respondents

Table 4.2: Marital Status of the Respondents

Marital Status	f	%
Single/Never married	4	5.7
Married	50	71.4
Divorced	6	8.6
Widowed	10	14.3
Total	70	100.0

Source: Field Survey, 2012.

The majority of the Cooperatives' members live in wed-lock. 71.4% were found to be married, 5.7% were single/ never married, 8.6 % were divorced and 14.3% were widowed. Those divorced, widowed and married women are most of the beneficiaries. Although in the Cooperatives the proportion was found to be small, single /never married ladies had participated in such endeavors. Surprisingly, it is below expectation as single /never married ladies have to engage in income generating activities either to support their income or to improve their livelihoods to support their respective households' income.

4.1.3 Age Classification of the Respondents

Table 4.3: Age group of the Respondents

Age Group	f	%
18-30	19	27.1
31-43	21	30.0
44-56	21	30.0
57and above	9	12.9
Total	70	100.0

Source: Field Survey, 2012.

Among all women members who participated in the empirical study, 30% were aged 31 to 43 years at the time of data collection; 30% were aged 44 to 56 years (Table4.3). Thus, older adults are most beneficiaries of the Cooperative Services.

Out of the sample respondents, about 27.1 % falls within the age range of 18-30, and 30% are within the age range of 31- 43.The more productive age lies in the age group between 18- 43 that constitutes 57.1% of the respondents .30% and 12.9% are found in the age category of 44-56 and

57 and above respectively. Table 4.3 also reveals that any age group can be a member of Savings and Credit Cooperatives without any discrimination. This implies that as one of its indistinctive characteristics that are to say that membership of a Cooperative is a non - age discriminatory one.

4.1.4 Respondents Educational Levels

Table 4.4: Educational Level of the Respondents

Education Status	f	%
Illiterate	38	54.3
Read and Write	11	15.7
Primary education first cycle (1- 4)	10	14.3
Primary education second cycle (5-8)	6	8.6
Secondary education (9-12)	5	7.1
Total	70	100.0

Source: Field Survey, 2012.

In Table 4.4, the majority of the women members from the sample respondents, 54.3 % were illiterate, 15.7% were able to read and write. Moreover, those who had attended primary first cycle and primary second cycle were 14.3 % and 8.6 % respectively. This implies that they lack basic functional skills for effective and efficient management of their savings and credit, business transactions on daily basis .Seven percent of them already attended their secondary high schooling. The findings were found to be implied that most of the women respondents are illiterate and lack the educational status that is the key for innovative idea generation and systematic planning that is required for cooperative development. The illiterate rate of women

before and after intervention was 58.4% and 54.3% respectively .This results show that women’s participation in education. The Savings and Credit Cooperative Services have contributed insignificantly to increase their literacy rate.

4.1.5 Respondents Religious Background

Table: 4.5: Religious Affiliation of the Respondents

Religion Affiliation	f	%
Orthodox Christian	12	17.1
Muslim	51	72.9
Protestant	3	4.3
Other(s)	4	5.7
Total	70	100.0

Source: Field Survey, 2012.

Aside from complex and difficult theological discussion about the possible spiritual roles religion, as well as the evidence demonstrating the mental and physical health benefits of religion; there are scientific reasons to predict that religion might affect behavioral and social changes particularly in borrowing credit from microfinance institutions. As illustrated through Table 4.5, the members of the Cooperatives are followers of various religion milieus, the majority of them are followers of Muslims. About seventy- three percent of the respondents were found to be Muslim, while Orthodox Christian were constituted seventeen percent. The rest are Protestant and other religion worshippers.

Therefore, membership of the Cooperatives is from any religious restriction. It also employs the principle of equal services to its members without any prejudice of the members ‘religious

background. However, those Muslims who are strictly following relevant verses in the Quran may not take credit.

4.1.6 Respondents Ethnic Background

Table 4.6: Ethnic background of the Respondents

Ethnic group	f	%
Amhara	3	4.3
Oromo	62	88.6
Sodo –Gurage	4	5.7
Other	1	1.4
Total	70	100.0

Source: Field Survey, 2012.

The sample study dominated by Oromo ethnic group as the study areas settlement is dominated by the same ethnic historically. On the other side, the study area is remote and lack pulling factors to attract other ethnic groups from outside of the study areas. As a result, out of the sample respondents, 88.6% belonged to Oromo ethnic group, while 5.7% were found to belong to Sodo –Gurage who had been known for their business skills. Thus, the dominant ethnic group in the study is Oromo .Table 4.6, also reveals that the tolerance of Savings and Credit Cooperative Services are open to diverse ethnic groups with equal opportunities and justice to capitalize their involvement using the favorable conditions.

4.2 Household Size of the Respondents Family

Table 4.7: Children at School Age and Other Dependent of the Respondents Family

Children at school age			Other dependents		Total HH Size	
Family Size	f	%	f	%	f	%
0	5	7.1	2	2.9	7	5.0
1 - 3	7	10.0	10	14.3	17	12.1
4 - 6	30	42.9	19	27.1	49	35.0
7 - 9	28	40.0	39	55.7	67	47.9
Total	70	100	70	100	140	100.0

Source: Field Survey, 2012.

In the study villages, the family size is greater than the national family size in Ethiopia. According to the findings of the study, while close to 35% and 47.9% constitute as having from 4 - 6 and 7-9 School aged children and other dependents in their households respectively. This may be contributed as a result of less utilization of contraceptive or less focused on family planning by dominant Muslim community in the area due to religious reason.

Likewise, Table 4.7 shows the magnitude of the household size of the respondents in the study villages. Accordingly, those 70 women have been shouldering the responsibility of managing the livelihood of 140 dependents either in their own school age children or their dependent family members. In otherworld's, despite the fact that variations are prevailed on the number of dependents among respondents, each respondent has the duty of taking care of at least 2 dependents on average. Therefore, the households in the study areas highly overcrowded thereby engaging in income generating activities may lend their helping hands with additional incomes.

4.3 Occupational Status of the Respondents

Table 4.8: Occupational Engagement of the Respondents

Occupation	Before joining WSACCOS		After Joining WSACCOs	
	f	%	f	%
Farm / fattening	11	15.7	29	41.4
Grain trade	6	8.6	31	44.3
Selling local beverage	4	5.7	8	11.4
Transport - Cart	0	0	2	2.9
Petty trade	49	70	0	0.0
Total	70	100.0	70	100.0

Source: Baseline Survey, 2009 and Field Survey, 2012.

At the time of joining the Cooperatives, 70% had no dependable formal income earning occupation. Even though attending to major activities in the household like food preparation, child and elderly caring, backyard gardening, poultry and milking are normal chores, they accomplish in their house; many women in the district do not take up salaried jobs outside the house. Table 4.8 has also shown that 15.5%, 8.6%, and 5.7% were earning income from farm /fattening, grain trade and selling local beverage before joining the Cooperatives.

Thus, the Savings and Credit Cooperatives have helped them to generate income and create self-employment to unemployed women through availing diverse income generation alternatives, mostly in grain trade and farming /fattening by 44.3 % and 41.4% respectively. Selling local

beverage and cart transport also constituted 11.4% and 2.9% of members respectively after joining the cooperatives.

Table 4.8 shows that the 49 women had been initially engaged in petty trade activities were able to create employment opportunity after the specific intervention. Thus, this is the underpinning point that justifies for the essential needs of Cooperatives.

4.4 Association between Occupation and Ethnicity

To determine the extent of relationship of the independent variable (cooperative members' ethnicity) and dependent variable (occupation before and after cooperative), the researcher used Person Coefficient of Correlations. The results of the study indicate that members' ethnicity has had low and weak effect on the members' occupation at 1% level of significance or p-value \square .01.

Table 4.9:Correlations of Occupation Before and After with Ethnicity

		Occupation after cooperative	Occupation before cooperative	Ethnicity
Occupation after cooperative	Pearson Correlation	1	-.150	-.362**
	Sig. (2-tailed)		.215	.002
	N	70	70	70
Occupation before cooperative	Pearson Correlation	-.150	1	.216
	Sig. (2-tailed)	.215		.072

	N	70	70	70
Ethnicity	Pearson Correlation	-.362**	.216	1
	Sig. (2-tailed)	.002	.072	
	N	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

Therefore, the ethnic background of the women who are members of the Cooperatives has no significant relationship. Whether the women are Oromo or other ethnic groups has no significant role in improving their household income and their empowerment at both family and community levels. This also implies that involvement in Cooperatives have no room for ethnic based grouping to bring improvement in the living conditions of the members.

4.5 Income Status

Change in the amount of the average monthly income of members' as a result of their involvement in the Cooperatives is one of the variables that would be examined thoroughly in this study .Based on the quantities data collected about the average monthly income of family before and after involving in such Cooperatives, the study presented the results in Table 4.10.

Table 4.10: Monthly Income of the Respondents

Income (ETB)	No of Respondents before joining WSACCOs		No of Respondents after joining WSACCOs	
	f	%	f	%
200 - 400	52	74.3	10	14.3
401 - 600	15	21.4	11	15.7

601 - 800	2	2.9	15	21.4
801 -1000	1	1.4	23	32.9
1001-1200	0	0.0	8	11.4
Above 1201	0	0.0	3	4.3
Total	70	100.0	70	100.0

Source: Baseline Survey, 2009 and Field Survey, 2012.

As it is clearly portrayed in Table 4.10 , before involving into the Cooperatives, about 74.3% of the respondents was earned ETB 200 – 400 as an average family income monthly, but , the remaining 32.9% of them earned average monthly income was laid between ETB 401 – 1000. Therefore, membership in the Cooperative services contribute augment the household’s average monthly income.

Two-third of the women in the sampled Cooperatives have very low monthly household income, while one –third of them manage to increase their monthly income successfully after they have joined the Savings and Credit Cooperatives. The rest of the members earn monthly ETB which ranges from 801 to 1000. The study also indicates that grain trade and transport of cart in the intervention areas have been the most productive business activities as the newly emerged income bracket. Thus, the findings of the study confirm that household’s income has increased and got diversified as a result of women’s participation in Savings and Credit Cooperatives Services in those villages

Available literature tells us that there is strong positive relationship between one’s educational achievement and (average monthly income). However, some empirical studies may find out and

document opposite to the above – stated findings .Thus, one’s educational achievement contributes to significantly increase the monthly income.

4.6 Relationship between Monthly Income and Education of the Respondents

To determine the extent of relationship between the independent variable (cooperative members’ education) on dependent variable (income before and after cooperative), Person Coefficient of Correlations was run using the SPSS and the results revealed that members’ education status has had strong positive effect on their monthly income at P-value <.01.

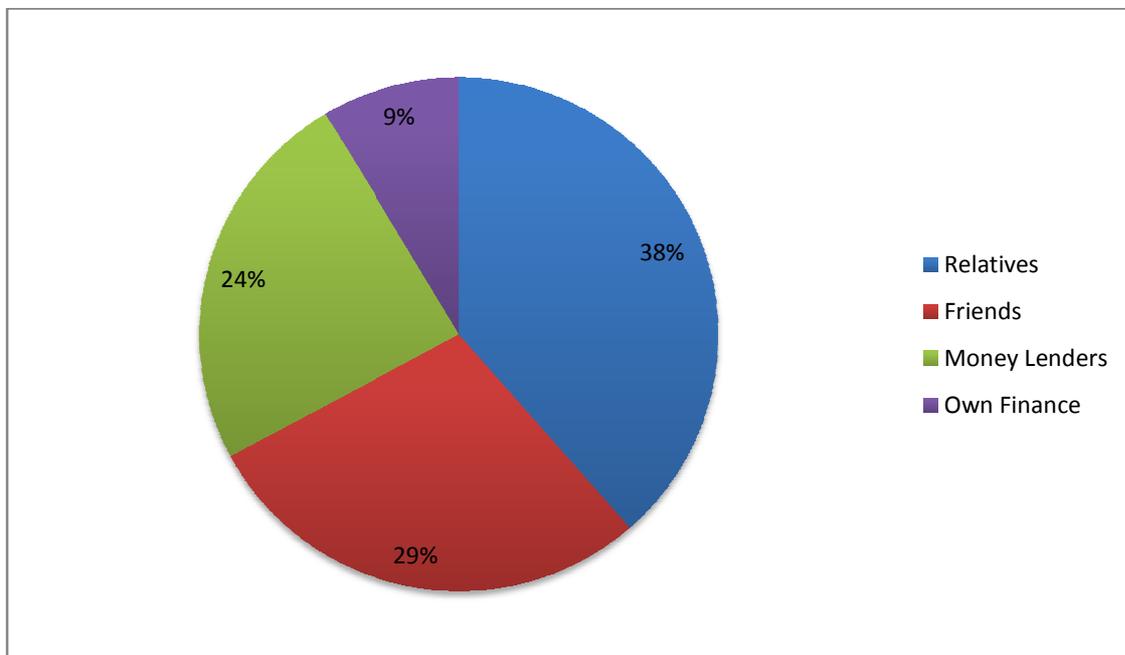
Table 4.11 Correlations of Monthly Income Before & After with Education

		Monthly income after cooperative	Monthly income before cooperative	Education
Monthly income after cooperative	Pearson Correlation	1	.469**	.108
	Sig. (2-tailed)		.000	.374
	N	70	70	70
Monthly income before cooperative	Pearson Correlation	.469**	1	.043
	Sig. (2-tailed)	.000		.725
	N	70	70	70
Education	Pearson Correlation	.108	.043	1
	Sig. (2-tailed)	.374	.725	
	N	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

Before joining the Savings and Credit Cooperative Services, the women members use finance from their relatives, friends and moneylenders in order to their importance as seed money of initial capital. However, after joining the Cooperatives the sources of finance was changed from diverse informal sources to formal group collateral and shared responsibility.

Findings of FGD, among 10 women Cooperative members, majority of them expressed that their households' income was mainly dependent on their husband and sometimes they were looking for support of their relatives and friends. After they have joined cooperatives, they started to generate income for their households supporting their breadwinner efforts. The discussion participants also indicated that as a result of business development skills training their income had increased and they had acquainted with savings culture.



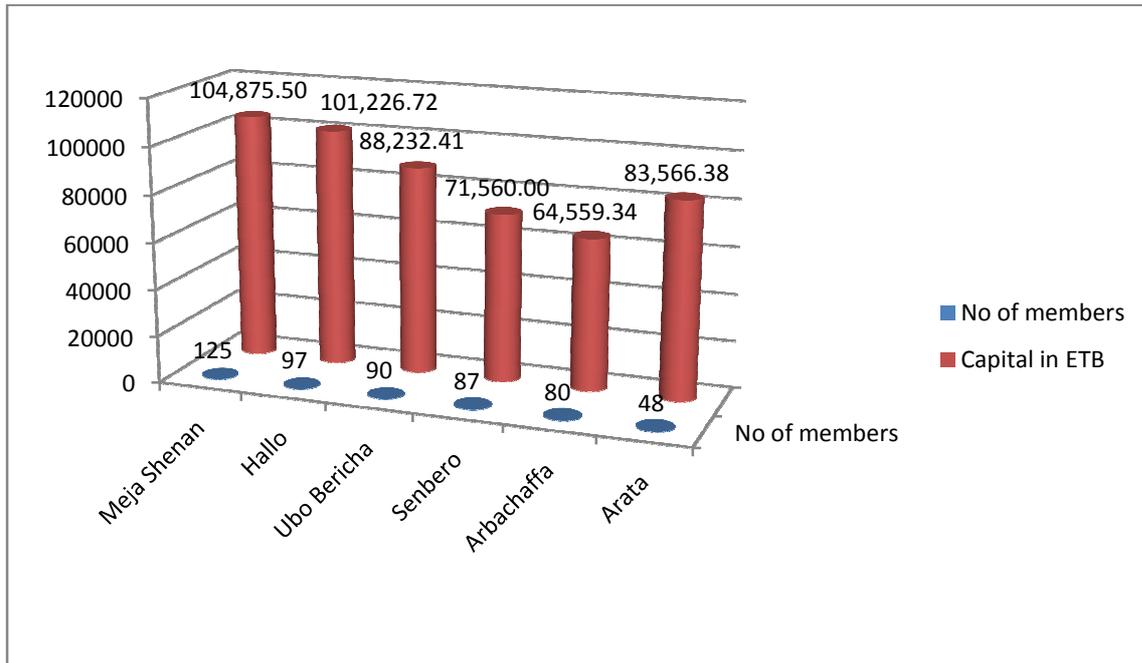
Source: Own survey, 2012.

Figure 4.1 Source of Finance before Involvement into Cooperatives

As depicted in Figure 4.1 ,the survey conducted also elucidated that 39%; 29%; and 24% ,as well as 9% of the respondents were found to have sources of finance ‘before involvement into cooperatives had been relatives , friends, individual moneylenders and own finances respectively.

The informants from OSHO who participated in semi-structured interview also indicated that the primary objective of the Organization was found to combat poverty with diverse stockholders that included governmental and non – governmental agencies, community based organizations, as well as the affected individuals (like women group in collaboration and coordination through well designed poverty reduction strategies and systematic implementation of interventions) in a result based manner. As a result of coordinated efforts and women membership in the Savings and Credit Cooperatives Services, the problem of source of finances was positively changed to group collateral and shared responsibility.

4.7 Cooperative s Members and their respective Capital



Source: OSHO Report 2012.

Figure 4.2 Numbers of Members and Source Finance After Cooperatives, 2012.

Figure 4.2 clearly showed ETB 514, 020.35 total savings of the cooperatives 37.6 % and 62.4% was the share of Intermon Oxfam donor agency and the cooperative members' contribution respectively to facilitate revolving loan to members to make the programme sustainable and productive.

The findings of the interview conducted with the project staff, low agricultural yielded as a result of unstable weather was the primary main reason for the women to look for alternative means of income generation for their survival. The secondary main reason was that they found it as the only available means to synergize their efforts, because they have no other dependable source of income to cope with their problem. The third main reason was that they found savings and credit cooperative is the only means of self- employment at their remote area.

The researcher observation indicated that the contributions of savings and credit cooperative services at remote area included provision of financial and non-financial services at the door step to members with less paper work or less bureaucratic and accessibility of reasonable savings and credit to the poor women. The formation of women savings and credit cooperatives are given due consideration to members well-established controlling system and to external involvement to avoid any loophole for complication of the savings and credit process.

According to FGDs held with the cooperatives selected participants feedback, the loans of savings and credit cooperative were better and cheaper than borrowing from private sources with extremely high interest rate. The Cooperatives were facilitated loans provision without delay and established group collateral system that overcame the formal bank demands for guarantee.

The women cooperative members had made coordinated efforts to overcome the problem of access to formal financial services. They were able to liberate themselves from deep-rooted variety of informal financial arrangements that they used to meet their financial needs before their involvement in cooperatives. Thus, savings and credit cooperatives were found to fill this critical gap in the study area.

4.8 Income Pattern

Lack of financial service is one of the major bottlenecks that have constrained the poor rural women from engaging in meaningful and gainful income generation activities. However, the provision of savings and credit services to the poor rural women provides better chance of involving themselves on- farms and off- farm income generating activities.

An assessment of the income status of the respondents regarding post – and- pre cooperative involvement revealed that 20% of them had believed their family economic status improved i.e.

notably since they have begun to be members in Cooperatives. About fifty-seven percent indicated that there were some improvements in their income after they had involved in Cooperatives. However, about twenty –three percent of the respondents articulated that they had remained in the same income position after involvement in Cooperatives. Surprisingly, two of the respondents who had been engaged in cart transportation achieved exceptional success in monthly income compared with other members’ performances.

The findings of assessment study on the income pattern of the respondents has clearly indicated that those who utilized credit properly for the intended purpose by minimizing expenses and maximizing investment coupled with those who have had participated in the training of business skills development, improving the culture of savings and credit utilization and skills enhancement of financial recording and management and those who have better educational background would have enabled to achieve better success in the discourse of their vigorous efforts as indicated below Table 4.12. Therefore, there is some degree of improvement in the members’ income due to their engagement in the cooperatives.

Table 4.12: Income Pattern of the Respondents

Income status	f	%
Decreased	0	0.0
Remained the same	16	22.9
Some improvement	40	57.1
Improved notably	14	20.0
Total	70	100.0

Source: Field Survey, 2012.

Table 4.12 indicates that some improvement and improved notably constituted seventy – seven percent of income improvement trend, which is the main factor for improving the food consumption; clothing; education and healthcare; housing, and household assets of the respondents. The FGDs women participants also explained as they had increased household income and expenditure, secured employment, made expansion and increased access to education and health care. At the same time, the respondents confirmed that their livings and income have been increased as the result of financial and non- financial services of the cooperatives.

4.9 Family Food Consumption Pattern

Conventional economic wisdom has pronounced that income earned by any household is divided into two parts; i.e. consumption and savings; with having inverse relationship between these two components. This is to say that the more the income goes to consumption, the lesser amount remains to saving; and the vice-verse relation also exists. Taking in to account this logical relationship of income with consumption and savings, any study conducted to assess a pro-poor initiative must undertake diagnosis on this specific relationship, at least in its crudest form.

Table4. 13: Frequency Distribution of Household Meals per Day

Frequency of meals per day	Before involving in WSACCOs		After involving in WSACCOs	
	f	%	f	%
4 times a day	0	0.0	2	2.9
3 times a day	4	5.7	41	58.6

2 times a day	22	31.4	17	24.3
1 time a day	13	18.6	2	2.9
As available	31	44.3	8	11.4
Total	70	100.0	70	100.0

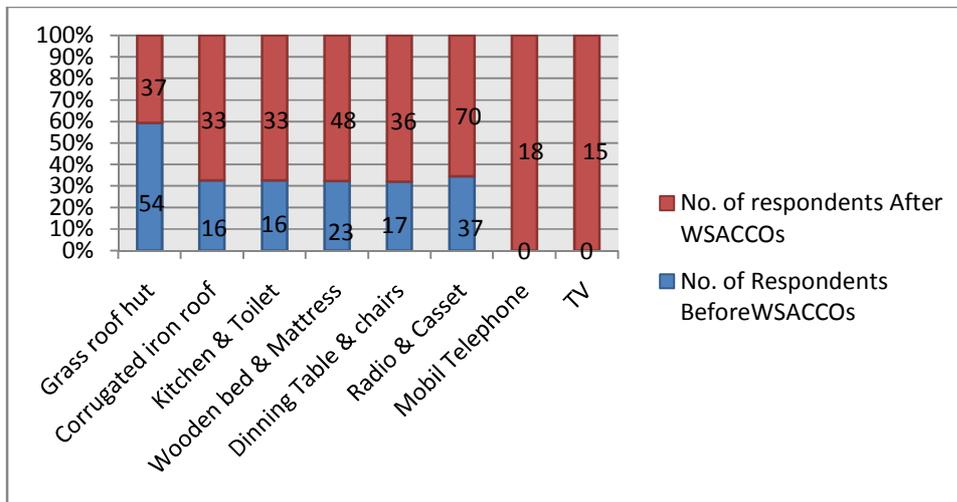
Source: Baseline Survey, 2009 & Field survey, 2012.

As a matter of fact, food is one of the basic needs not only for sustaining better wellbeing, but constituted the highest part of consumption of any household income as well. Improvement of household food consumption per day is one of the selected variables for ensuring accessibility of food to household members. The comparative investigation of the household food consumption indicated that only 5.7% of the respondents' who had had access to three times a day meals before being involved in the Cooperatives mounted to 58.6% after WSACCO's engagements. However, the households which had not eaten meals four times daily before their engagement in the Cooperatives, still did not show noticeable increment business continue as usual. Thus, the Savings and Credit Services of the Cooperatives have had immense contributions in improving not merely the food consumption pattern of the respondents' household members, but also in improving their overall well-being too. This finding is also supported by the response of the respondents' that constituted better income generation job opportunity (38.6%) , better knowledge about diet and income (21.4%), and availability of food items in the nearest market (40%) as a result of savings and credit services in the intervention villages.

4.10 Possessing Shelter with Essential Household Assets.

Shelter is one of the basic ingredients for leading a better household life. Ownership of shelter and its improvement is also important to enhance the living standards thereby building essential household assets. Enabling poor rural women to have access to financial services, undoubtedly,

inspires them to engage in diverse income generation activities with such energetic and innovative manner. Their engagement in productive sphere would enable them merely not to earn regular income, and also strives to realize unfolding increase in their income from time to time. This again gives them better opportunity either to renovate and scale-up their existing or construct new dwelling houses.



Source: Baseline Survey, 2009 & Field survey 2012.

Figure 4.3 Shelter's and Household Asset Possession of the Respondents

Membership in those Cooperatives has brought improvement in housing types and their composition assets. The results in Figure 4.3 reveal that most of the households (77.1%), had grass roof huts/ shelters and (22.9%), corrugated iron sheet roof shelters before joining the Cooperatives. According to the respondents' information, after joining the Cooperatives the proportion of grass roof huts reduced to 52.9% and corrugated iron roof shelters increased to

47.1%. Those, households who had kitchen and toilet, wooden bed and mattress, dining chair and table increased from 22.9 % to 47.1%, 32.9% to 68.6%, and 24.3% to 51.4% respectively.

In addition, the respondents' use of radio and radio cassettes increased from 52.9 % to 100 % after they had joined the Cooperatives. About twenty - six percent and twenty – two percent of sample respondents were found to have access to mobile and TV services respectively after they had joined the Cooperatives. However, mobile and televisions' ownership, which is important instrument for information exchange, learning new idea about business and establishing networking, is still found at its' low level.

In the light of Figure 4.3 above, one can easily observe as to how unprecedented progress has been attained by most of the women in the Cooperatives in terms of improving their houses and associated gadgets. In-nut-shell, the household assets in the members' households progressively increase after they had joined these cooperatives. Thus, it is plausible to conclude that the interventions undertaken by the Savings and Credits Cooperative Services had contribution towards improving their shelter and household assets.

In order to determine the extent of relationship between the independent variable (cooperative members' age category) on dependent variable (Corrugated Iron sheet before and after cooperative), the researcher employed Person's Coefficient of Correlation. Therefore, the findings of the study do not show significant contributions of the Cooperatives based on age category.

Table 4.14: Relationship between Shelter and Age category of the Respondents

**Correlations of Corrugated Iron Sheet Shelter Before and After Joining the
Cooperatives with Age Category**

		Corrugated Iron Shelter after	Corrugated Shelter before	Age category
Corrugated Iron Shelter after	Pearson Correlation	1	.508**	.098
	Sig. (2-tailed)		.000	.420
	N	70	70	70
Corrugated Shelter before	Pearson Correlation	.508**	1	.053
	Sig. (2-tailed)	.000		.661
	N	70	70	70
Age category	Pearson Correlation	.098	.053	1
	Sig. (2-tailed)	.420	.661	
	N	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

4.11 Expenditure Pattern

The increase in the expenditure of families is one of the variables that is used to review the pattern of changes actualized on the life of households resulting from the savings and credit cooperative service initiatives. The study conducted clearly indicated that eighty percent of the

respondents' expenditure pattern had shown an increasing trend and the rest twenty percent of them had not registered as such significant change. Table 4.15 presents the expenditure level of the sample women in order to know families' average monthly expenses by posing pertinent quires and organizing their responses accordingly. Comparisons made on families' expenditure level before and after involvement in Cooperatives revealed that about seventy – three percent of the respondents' average monthly expenditure had been increased. Besides, that items had increased , and their expenditure on food 71.4 % and 28.6 %; 70% and 30%, and 72.9% and 27.1%, were found to be at incremental status in terms of their expenditure on clothing, healthcare and family education.

Table 4.15: Expenditure Pattern of the Respondents

Type of Expenditure	Expenditure Status	f	%
Food item / nutrition	Increased	51	72.9
	Decreased	0	0.0
	No change	19	27.1
	Total	70	100.0
Clothing items	Increased	50	71.4
	Decreased	0	0.0
	No change	20	28.6
	Total	70	100.0
Health care	Increased	49	70.0
	Decreased	0	0.0
	No change	21	30.0

	Total	70	100.0
Family education	Increased	51	72.9
	Decreased	0	0.0
	No change	19	27.1
	Total	70	100.0

Source: Field Survey, 2012.

However, the level of increase in expenditure on food, health-care, education and clothing items may be subjected to highly volatile effects of the present high inflation of commodities thereby triggering sharply to a declined purchasing power of the national currency (Ethiopian Birr) throughout the country. As the respondents of this survey had clearly elucidated an increased expenses in the targeted variables may not necessarily imply as buying more commodities for their household families. It is rather buying either the same amount or even less with an increased pay required due to the substantial commodities' sharp price rise. The sampled women in the Cooperatives also supplemented that unpredictable cost increases in those basic utilities (such as kerosene, edible-oil, salt, medicine and educational materials) are exacerbated furthermore the expenditure of commodities, including transportation services. On top of this, some of the responses obtained from the informants boldly indicated that, as those households who couldn't afford to purchase those basic commodities due to the prevailing current market price, had been forced either to reduce the quantity essentially required for their families or procure poor quality items with low cost in order to meet the requirements of respective families.

4.12 Employment Creation

One of the great values that is expected from Savings and Credit Cooperatives initiative is the potential capacity of creating employment opportunity for those unemployed citizens. In this context, the majority of the respondents (67.1 %) confirmed that as they had been purely running their business using the labour and technical supports from their families, followed by about twenty – nine percent of the respondents had been used self-employed and hired workers. In addition, the remaining four percent used both employed workers and family labour for running their business. Therefore, the Cooperatives create significant contributions in self-employment creation of the members than employment opportunities for hiring workers.

Table 4.16: Employment Creation of the Respondents

Types of employment	f	%
Unpaid family labour	47	67.1
Unpaid family labour and hired workers	20	28.6
Hired workers	3	4.3
Total	70	100.0

Source: Field Survey, 2012.

In addition to the employment opportunity created for the Savings and Credit Cooperatives members, families and those non-family members who had been employed under them are said as enjoyed the employment openings that created by these members of the cooperatives. Underpinned at this point, taking into account that 67.1% of the sample respondents were found to use unpaid family labour and 4.3% had used hired labour. Thus, the employment creation endeavors of these Cooperatives are yet found at its infancy stage. Coordinated efforts of the members are needed to be exerted on the part of concerned parties in order to further diversify

the creation of employment opportunity, as authentically depicted in Table 4.16 above and instead of confining themselves within the boundaries of unpaid labour of family members of service provisions.

4.13 Participation in Education and Healthcare Services

Education and health are tools of empowerment for disadvantaged women who have had to battle social oppression and exclusion. Greater literacy and educational attainment equip women to claim their position and reduce inequality. From perspective of this study, education and health care services are considered as strategic variables that have played decisive roles in ensuring life improvement of these cooperative members. Building the capacity of the members through the provision and facilitation of various business skills development training packages; which comprised of business skills development, culture of savings and credit utilization, knowledge in family planning, primary health care, HIV /AIDS and STIs prevention, recording and financial management as well as basic literacy skills are analyzed based on the data obtained from sample respondents.

Table 4.17: Involvement of the Respondents in Education, Training and Healthcare

Particulars	Before involvement		After involvement	
	F	%	F	%
Business skills development	5	7.1	65	92.9
Culture of savings and credit utilization	2	2.9	52	74.3
Knowledge about family planning , primary health care , HIV /AIDS and STIS prevention	14	20	56	80.0
Recording and financial management	3	4.3	46	65.7

Basic Literacy	12	17.1	54	77.1
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Source: Baseline Survey, 2009 and Field Survey, 2012.

Table 4.17 clearly illustrated that joining Savings and Credit Cooperatives has improved the members' business skills development, knowledge about family planning ,primary healthcare , HIV/AIDS,STIs prevention; recording ,basic literacy ; culture of savings and credit utilization and financial management.

The sample respondents' feedback indicated that the respondents had had low level business skills development and culture of savings and credit utilization before involvement into cooperatives; while same variables are improved from 7.1% to 92.9% and 2.9% to 74.3% respectively after had engaged in this specific initiative. The members Knowledge about family planning, primary healthcare, HIV /AIDS and STIs prevention was found to improve from 20% before to 80% after involvement in Cooperatives through diverse training and awareness raising Program organized to them. Basic literacy (which includes basic reading, writing and computation skills) is also organized for the members to be able to record events and manage their finance and property. Members participated as trainees and trainers. By doing so, the members' basic literacy capacity enhanced from 17.1 % before to 77.1 % after involvement in Cooperatives. As a result of high level of basic literacy, the women's skills at recording and financial management got improved from 4.3% to 65.7% at post-Cooperatives period. Most of the respondents indicated that their overall savings has been increased and developed as the result of participation in business development skills trainings and improvement of their savings culture. The findings of Focus Group Discussions also showed that the Cooperatives' members had benefited in introducing new income generation; building the members' capacity in

marketable skills; increasing fund of knowledge of members to boost up service and income, and enhancing the culture of savings and credit utilization of the member for intended purpose.

4.14 Involvement in Collective Actions

Savings and Credits Services are being provided by the Cooperatives have had generated changes in terms of collective actions not only on members at individual and household levels, but also on the community at large. The changes can be mainly observed in terms of their involvement in dealing with donors; local government to facilitate conducive working conditions and funding through reducing interest rates relative to such a rate that is being charged by those moneylenders within the local community thereby enabling to offer better financial services in the District. In addition, the members got involved in the establishments and expansion of market in community, as well as building up social capital with a view of participating actively in fighting against harmful traditional practices; involvement in promoting gender and women rights and prevention and control of HIV/AIDS and other basic health care.

Table 4.18: Involvement of the Respondents in Collective Actions

Types of collective actions	Before involvement		After involvement	
	F	%	F	%
Involvement in dealing with donors and government agencies on policy, technical support and funding	10	14.3	38	54.3
Participation in HIV /AIDS and other basic health care prevention and fighting against harmful traditional practices	14	20	50	71.4

Involvement in promoting and safeguarding gender and women rights issues	15	21.4	42	60.0
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Source: Field Survey, 2012.

The sample respondents indicated that women involvement in dealing with donors and government agencies had increased from 14.3% to 54.3%; involvement in promoting safeguarding gender and women rights increased from 21.4% to 60 % ; and participation in HIV /AIDS and other basic health care, as well as fighting against harmful traditional practices increased from 20% to 71.4%, respectively. Thus, Table 4.18 depicts those women members in the Cooperatives engagements in collective actions have increased tremendously in all areas of common concerns with various degrees of participations.

The findings of involvement in collective actions such as dealing with donors and government agencies on policy, technical support, funding, fighting harmful traditional practices, promoting gender and women rights as well as HIV /AIDS and other communicable diseases knowledge building had been well developed. Significant change was attained in gender and women rights sixty percent and HIV /AIDS prevention seventy – one percent respectively.

4.15 Involvement in Decision Making Process at Family and Community levels

Women’s involvement in the process of decision-making related to different common concerns, including household decision is considered as one of the variables or proxy indicators to validate their empowerment. Involvement of women in decision making in various matters; such as opting for family planning; buying and selling assets; savings; participation in community development interventions , and meetings; voting, taking and using loans, and the utilization of their profit increased after involvement in the Cooperatives. In addition, the women members

are more informed about human rights in general and the women's rights in particular after being involved in Cooperatives. Their involvement in various exposure, programs and community development activities have had made their mobility much higher than that of before involvement. This has had helped them to increase their knowledge about different issues which, in turn, has directly contributed to their decision making empowerment.

Table 4.19 shows, the women empowerment and decision making at family and community levels.

Area of empowerment	Degree of empowerment	Before involvement in Cooperative		After involvement in Cooperative	
		f	%	f	%
Family planning, Family healthcare, education and nutrition.	Empowered	13	18.6	36	51.4
	Some empowerment	11	15.7	14	20.0
	Not empowered	46	65.7	20	28.6
	Total	70	100.0	70	100.0
Family savings, loaning, income generation, property and financial management.	Empowered	14	20.0	38	54.3
	Some empowerment	8	11.4	12	17.1
	Not empowered	48	68.6	20	28.6
	Total	70	100.0	70	100.0
Participation in community , women ,youth , child affairs and other social	Empowered	15	21.4	40	57.1
	Some empowerment	15	21.4	16	22.9
	Not empowered	40	57.1	14	20.0

affairs					
	Total	70	100.0	70	100.0

Source: Field Survey, 2012.

The field study indicated that women’s empowerment in family health care and family planning, nutrition and education had increased from 18.6% to 51.4%; their savings, loaning, income generation, family property and financial management had also increased from 20% to 54.3%; and their empowerment in community development, local administration, women, and youth and children affairs had increased from 21.4% to 57.1%. Generally, the women are empowered in family planning, family healthcare, nutrition and education which have accounted for 51.4 %. In addition, the level of empowerment in savings, loaning, income generation, family property and financial management showed moderate empowerment level rated 57.1% .Similarly, the empowerment of women in community, women, youth, children and other social affairs are rated fifty – seven percent. This implies that changes which have resulted in various aspects are brought as a result of women’s involvement in Cooperatives. Table 4.19 presents members’ involvement in matters related to family healthcare and education, managing household resource and local administration has had shown improvements, post-WSACCOs timeline against before it was. The overall level of the members’ empowerment in family and community related multidimensional affairs was at improving rate, there is improvement compare to before joining the cooperative. This entails, there is realistic steps forward to significantly empower the women at family and community levels.

The findings reveal that improvement of empowerment in family planning, family health care, education; family savings, loaning, income generation, property and financial management, and

participation in women, youth, children and other social affairs found to be 71.4%, 62.8% and 80% respectively.

4.16 Relationship between Women Empowerment and Cooperatives

The study also attempted to investigate whether or not there is relationship between the women’s membership in the Savings and Credit Cooperatives and their empowerment, in women’s, youth’s, Children’s, as well as other social affairs in the study villages. To determine the extent relationship between the independent variable (cooperative members) and dependent variable (empowerment before and after cooperatives) the researcher employed Person’s Coefficient of Correlations. The results thus show that cooperatives’ members have got empowered in those family and community social affairs. Therefore, one can deduce that being membership of the Cooperatives has had strong significant relationship between women’s membership in the Cooperatives and their empowerment level at social affairs. On the whole, membership in the Cooperatives significantly contributes to the women’s empowerment in family and community affairs.

Table 4.20 Correlations between Women’s Empowerment Before and After their being Membership in the Cooperatives

		Women empowerment in Community. Women, Youth ,Children and other social affairs after cooperatives	Women empowerment in Community. Women, Youth ,Children and other social affairs before cooperatives	Cooperatives
Women empowerment in Community ,Women ,Youth	Pearson Correlation	1	.383**	.112
	Sig. (2-tailed)		.001	.356

,Children and other social affairs after cooperatives	N	70	70	70
Women empowerment in Community ,Women ,Youth ,Children and other social affairs before cooperatives	Pearson Correlation	.383**	1	.019
	Sig. (2-tailed)	.001		.873
	N	70	70	70
Cooperatives	Pearson Correlation	.112	.019	1
	Sig. (2-tailed)	.356	.873	
	N	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

The FGD participants further confirmed that Savings and Credit Cooperatives provided empowerment that includes ownership and control over assets, perception of well-being and quality life, participation in decision making, access to resources, self-reliance and mobility as well as family planning.

4.17 Trend of Decision Making Pattern in Family Affairs

Women's participation in the Savings and Credit Cooperative is expected to lead them have access to and control over different resources. Data regarding who has control and decides over the business activities within the household were gathered and analyzed using SPSS.

As shown Table 4.21 those women who have been participating in the Cooperatives have low level of decision making on affairs at family level. In addition, the pattern and trend of the members' decision making have shown low level which implies very less contribution on membership in the Cooperatives in empowering the women in making decisions on family affairs.

Table 4.21: Trend of Decision Making of the Respondents at Family Level

Particulars	Before joining WSACCOs		After Joining WSACCOs	
	f	%	f	%
Husband only	43	61.4	19	25.7
Wife only	13	18.6	14	20.0
Husband and wife	14	20	38	54.3
Total	70	100.0	70	100.0

Source: Baseline Survey 2009 and Field Survey, 2012.

Out of the sample respondents, only the husbands were making decision accounted for 61.4 % and 25.7% before and after their involvement in the Savings and Credit Cooperative respectively. Thus, the male householders' domination over women in decision making is overwhelmingly high during pre-WSACCOs initiatives. Unfortunately, only the wives were found to be 18.6 % and 20% before and after involvement in Cooperatives respectively. Moreover, about more than half of the wives and husbands in the sample households in the study (54.3%) made decisions on family affairs after involvement in the Cooperatives. These findings show that married women in the Cooperatives may seem to have less power of making decision on family affairs than those single, divorced and widowed women in the study. The latter are relatively decision makers in their households, Therefore, the women decision making power is also related to single, divorce and widowed life, but not only empowerment as a result of knowledge enhancement of members. However, the decision making power of husband and wife increased from 20 % before to 54.3 % after involvement in the Cooperatives. This shows that there is moderate level of incremental of real decision making power of women as a result of their involvement into the Cooperatives because of awareness creation and various capacity

building trainings organized by the Cooperatives in collaboration with governmental and non – governmental agencies at different levels.

In order to determine the extent of relationship between the independent variable (cooperative members’ marital status) on dependent variable (trend of decision making before and after involvement in Cooperatives), Coefficient of moment was used. The Spear’s man rho outputs of the data analysis show that there is low relationship between the women’s marital status and the trend of their decision making after they have joined in the Cooperatives. Thus, marital based membership in the Cooperatives does not bring significant change in the previously well – patterned trend of women’s involvement in making decisions on family affairs at household level. However, membership increases women decision making power status at equal footing with their households.

4.18 Major Benefits Gained from Savings and Credit Cooperative Services

Women members seem to obtain some benefits from the Cooperatives Services that have been provided to their. These benefits include: increased income, improved their access to basic needs, increased children’s access to schools and improved their participation in the local communities and exposure to social activities at community levels.

Table 4.22: Ranking Major Benefit Gained from Savings and Credit Cooperatives Services

Benefit obtained	In order of Ranking	
	f	%
Increase income	28	40.0
Improve basic needs (food ,housing and	19	27.1

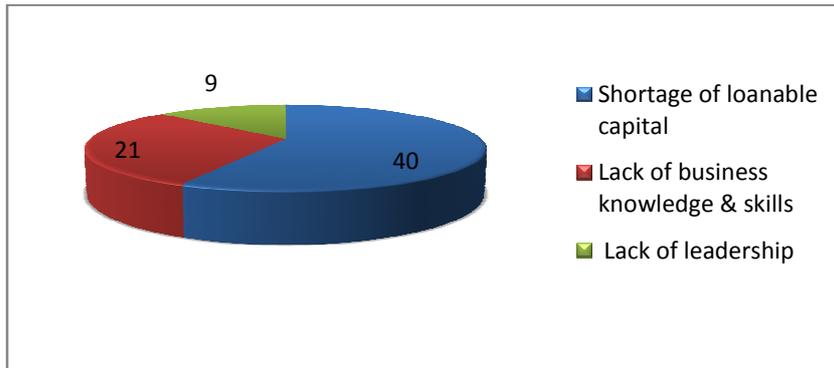
clothing)		
Improve sending children to schools	16	22.9
Improve community participation and exposure to social activities	7	10.0
Total	70	100.0

Source: Field Survey, 2012.

Table 4.22 presents major benefits gained from the Cooperative Services in order of the members achievements that about forty percent indicated that they had gained increment of their income, twenty – seven percent of the respondents specified as they had improved their basic needs, about twenty – three of them elucidated as they had improved the sending of their children to schools, and the remaining ten percent of the respondents had been benefited in improving their community participation and exposure to social activities. This implies that the Women Savings and Credit Cooperatives Services had benefited the members, primarily in increasing their income, secondly, in improving their basic needs, thirdly, in improving members’ capacity in sending their children to school and at fourth level enhancing their participation level in community and exposure to social activities. Thus, the benefits derived from the Cooperatives improved the women’s livelihoods and wellbeing significantly.

4.19 Major Problems of the Cooperatives

Shortage of loanable capital on the part of the Cooperatives appears to be outstanding major problems as shown in Figure 4.4.



Source: Field Survey, 2012

Figure 4.4 Major Problems of the Cooperatives

As the empirical data indicated, the Cooperative members have major problems to fully operate using their potential. About fifty – seven percent of the Cooperative members indicated that they had had shortage of loanable capital. Shortly, about thirty percent expressed that they had experienced problems in lack of business development knowledge and skills. About thirteen percent of the Cooperative members also indicated that as they experienced lack of leadership.

Surprisingly, the Cooperatives from which those sample women who are members of the Institutions have been operating within the contexts of major problems, such as shortage loanable capital, lack of business development knowledge and skills, as well as that of leadership. Therefore, the assessment of the Cooperatives shows that they have contributed to the members 'income ; expenditure ; shelter ; household assets ; food access; children access to formal education ;health care services and other opportunities. In addition, the Cooperatives help the members to generate household income, increase their involvement in collective social actions, but, not in terms of significant positive contributions to employment creation and poverty reduction. The observation findings also found out that the constraints of Women Savings and

Credit Cooperatives such as inadequate market and market information, shortage of capital for loan provision, weak managerial leadership skills and lack of business skills of some members to make their cooperatives more productive and to stay in a competitive market business sustainably.

In addition to data collected from the Cooperatives members through various instruments, there were semi- structured interviews that were conducted with three professional staff of the OSHO Project. The findings of the interviews indicated that 527 women were organized with their own initiation in line with Holistic Approach Programs of the Organization that included providing assistance to the poorest of the poor rural women in terms of fund and technical supports.

The Project staff also elucidated that poverty could not be reduced merely in income generating, unless otherwise, supported with knowledge and skills to break up the vicious cycle of poverty in an innovative and imaginative ways. According to the findings of the interview, knowledge is the powerful tool to increase income and reduce poverty.

In general, the Savings and Credit Cooperatives' Services provided to those members had improved members income ,self – employment , their decision making power on household affairs and resources at family level ,as well as on issues related to community development , and social affairs of women, youth and children in the intervention villages.

FIVE

CONCLUSIONS AND SUGGETIONS

5.1 Conclusions

The study had the objective of assessing the contributions of savings and credit cooperative services in poverty reduction in involving poor women in income generation and empowerment at household and community levels, focusing on six women savings and credit cooperatives. The study endeavored to find out the contributions of savings and credit cooperative services that have been provided by cooperatives to their members to bring positive change in their lives, their families and their community.

This thesis has been arguing that membership in the Savings and Credit Cooperative Services brings about contributions to poverty reduction, to improve living and well-being and to enhance women's empowerment in terms of decision making power at family and community levels comparing post cooperative with extremely low level of pre cooperative. In addition, the study has documented that the women's social capital or assets such as social network, mobility , social action , collective action showed significant levels of change at house hold and community levels. The Savings and Credit Cooperative Services provided women a chance to meet, collect savings and provide loans, discuss and exchange information on various business issues, improve their household health care, nutrition, and education. As a result, women improved their social status, self- esteem and they gained more confidence.

The findings of the study also indicated that the Savings and Credit Cooperative services provided opportunity to increase income generation capacity of cooperative members through diverse business activities of the members and self-employment creation compare to pre –

cooperative period. Cooperatives created new employment for members who were earning very little before. The contributions of Cooperatives on reducing unemployment of members and their families were impressive and a new social force to tackle poverty from its deep-rooted in the villages. The Cooperative Services delivered to members also at increasing rate to improve their shelter conditions and purchasing power of household assets.

Savings and Credit Cooperative Services enabled to enhance women's empowerment within households and communities. This situation improved education, nutrition, healthcare, mobility and decision making power of the women and their families. Their children got access to education, which is vital instrument to break the cycle of poverty. The Cooperatives services provided to members also facilitated healthcare and improved nutrition to the members' households. As a result, the women reduced their burden of taking care of the sick's and therefore, they started to spend ample time on improving and maintaining their business. The savings and credit cooperative services moderately improved access to small savings and small loan provision for the rural poor women neglected by bank services.

5.2 Suggestions

Based on the findings of the study, the following suggestions are made by the researcher:

From the findings and discussions mentioned in chapter four, it can be said that most of the rural women had a very low level of education. Education is the key for social, economical, political, cultural, human and other aspects of development. The women savings and credit cooperative members required more attention in education to make their cooperatives services more productive and sustainable. As a result, education could undoubtedly act as catalyst to promote socio-economic and human capital uplift of rural women in the study district.

The findings of the conducted survey indicated that there was a low participation of women cooperative members in community development. This implies that women empowerment in community development was not coincided with the essential essence of cooperative principles. Women empowerment is paramount significant to bring about real change in their lives, their families and their communities. Poverty alleviation efforts do not only mean meeting basic needs such as food, clothes and shelter but also exercising political rights through social, economic and cultural empowerment.

The findings of the field observation showed that the movement of women in the district lack infrastructure facilities in their area such as roads, transportation, market information and social network with similar cooperatives. Thus, the situation requires governmental and non-governmental, as well as private agencies attention to reduce their problems to make them more productive and self – supportive.

The FGD finding indicated that the Savings and Credit Cooperatives should device a means to obtain funds from diversified sources in order to minimize the risks of associated with loan availability for credit utilization in overcoming limited sources of findings. This requires professional assistance on expansion of their sources of fund to make available loanable capital and to receive loans at productive time.

The observation and the focus group discussions findings also confirmed that the importance of building the leadership capacity of the Cooperatives leaders to appropriately manage the Cooperative members, finance and property knowledgably and skillfully. The cooperative members also required training in the area of market assessment, risk reduction strategies of business, time management and social networking.

Some of the informants indicated that the value of credit would be important if it is disbursed on market peak-seasons rather than non – market seasons. In such a period of time, more return can possibly be achieved, if loan is used for the intended purpose. The availability of credit in harmony with the peak market season is vital to make the cooperative members more productive. The respondents suggested that the importance of loan disbursement at the time of farm products are not harvested and the yearning for loan provision period to coincide with the market season. The participatory nature of the cooperatives was one of the most important qualities of the Cooperatives that are required to maintain and strengthen based on evidence and knowledge to mobilize all necessary resources to break the vicious cycle of poverty. The Cooperatives members' involvement in planning, implementation, monitoring, evaluation and reporting their activities are important for transparency and accountability.

The researcher also suggests that the importance of conducting further study as this study is delimited with sample respondents, absence of prior research products and limitation of time. Thus, it would be important to conduct a detailed study on savings and credit cooperative services to find out the real impact of the interventions. This study can serve as a point of departure to deal with more detailed reaches that can contribute for the social, economic and human capital assets development and poor rural women empowerment in the intervention area and also can be used replicating their best practices for other similar remote districts of the Oromia Regional State of Ethiopia in fighting the root causes of vicious cycle of poverty strategically in organized and coordinated, knowledge and skills based approaches.

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