

A Study on Challenges and Opportunities of Rural Savings and Credit Cooperatives (RUSACCOs)

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Abstract

Microfinance is a powerful strategy or instrument, among several others, for alleviating poverty in general and rural poverty in particular in developing countries. Rural communities in Ethiopia have difficulties in getting financial assistance from the formal financial institutions. Most of the rural people are depending on non-formal financial institutions and private money lenders for getting financial assistance. Moreover, they have been paying high interest rate for their loan amount. The study was conducted in Degua-Tembien woreda of Tigray National Regional State, Ethiopia. The main objective of the study was to identify challenges and opportunities of RUSACCOs. A three stage random sampling technique was followed to select study district, RUSACCOs and a total of 167 sample respondents. Both primary and secondary data were used to identify the problems and opportunities of RUSACCOs. Primary data was collected from the selected sample respondents by using a structured interview schedule. To address the objectives of the study, appropriate tools and techniques such as simple descriptive statistics, frequency, mean, minimum, maximum and percentage were applied. It is found that since joining in the RUSACCO only 41 respondents constituting 24.55 percent of the respondents have taken loan from the RUSACCOs and the rest 126 respondents constituting 75.45 percent of the respondents were not credit beneficiaries. The study results revealed that 70 respondents or 41.90 percent of the respondents have reported that the irregular general body meetings are the one of the main constraints to expansion of cooperatives. The major challenges identified based on the findings of the study were; Low participation of members in RUSACCO activities, lack/shortage of professional skilled man power, limited loan amount available, lack of knowledge on income generating activities, shortage of auditors, weak management, limited training opportunities to RUSACCO members etc. and Some of the opportunities were; presence of supportive governmental policies and strategies on RUSACCOs development, different infrastructure facilities, capacity building efforts by government, credit without collateral, low interest rate for credit beneficiaries, recruit professional skilled man power, support from different social organizations. Therefore, it is recommended that, the existing extension services should be strengthened in a way that working in harmony with pertinent officials to bring change for efficient and effective delivery of saving and credit services through RUSACCOs. Likewise, policy should account the flexibility of rules and regulations on savings and credit provisions to ensure sustainable development of rural community.

Key words: *Challenges, cooperatives credit, Opportunities, savings*

Introduction

Ethiopia stands as the fourth largest in size and the second populous country in Sub-Saharan Africa; with a total area of 1.1 million sq. km (472,000 sq. mi.) and a population of about 82 million in 2010 (Bureau of African Affairs, 2011). The Ethiopia has experienced devastating civil wars that have disrupted almost all economic structures and left a vast majority of the people impoverished. In all of this, the rural poor are mostly affected because they are already disadvantaged with low income, high illiteracy, and inadequate physical and social infrastructure and so on. We believed that well-coordinated and efficiently operated microfinance services can be contributed enormously to the reduction of rural poverty in the country.

The idea of savings and credit Co-operative was originated in 1846 by two German pioneers, Friedrich Raiffeisen and Herman Schultze-Delitsche (Davidovich, 1991). These pioneers derived the idea of co-operative from Rochdale Consumer Co-operative Society, which was the first successful co-operative society in the history of modern co-operative movement. Raiffeisen's aim was to assist the rural areas poor people in an attempt to alleviate their financial problem. Subsequently, the idea was expanded to different continents of the world by 1866 in Italy, by 1885 in Austria, by 1892 in France, by 1899 in Canada, by 1909 in U.S.A and in the subsequent years spread to Latin America and Asian countries (Galor, 1989).

In Ethiopia, there was no modern and well-organized Financial Co-operative until 1957 with employees of Ethiopian Roads Authority established the first SACCOs and strengthened later January 1964 by Ethiopian Airlines employees. Gradually, the concept of Co-operative becomes realized in many employees of private and government undertakings. During the reign of Haile Selassie, the cooperative legislation No 241/1966 was proclaimed and about 154 different types of cooperatives were organized. During the Dergue regime, cooperatives that were organized earlier were considered as unnecessary and discarded. The newly organized

cooperatives under the regime have purposefully made instruments of political power. Their organizational procedures were not based on internationally accepted cooperative principles.

The recent proclamation No. 147/98 and the amended 402/2004 created conducive environment for the development of cooperatives and currently there are 43255 primary cooperatives with 6,566,694 members and with a total amount of birr above 2.9 billion. From these, 10,270 are saving and credit cooperatives. These saving and credit cooperatives have 841,194 members (506,922 men & 334,272 female) with a total amount of birr 898,992,461.00. In addition to these, 278 secondary cooperatives (unions) which have 7,843 primary cooperatives with a capital of 1,373,602,639.00 are registered. From these 69 unions are SACCOs (Federal cooperative agency, 2012).

Statement of the Problem

Financial institutions like saving and credit co-operatives have paramount importance for providing facilities for accumulation of saving and extending credits. There is no doubt that well organized rural saving and credit cooperatives benefit their members and improve the living standard of the people. Moreover rural saving and credit cooperatives would advantageously positioned if they affiliated to a union, federation or league. So that they can easily accesses cost effective centralized services like accounting, training, saving and loan facilities through formation of central finance programs. The success will depend on the level of personal allegiance they develop for the apex organization. The RUSACCO societies like all other types of cooperatives are managed by the people who own them, which shows an intrinsic in built strength. The microfinance plays a vital role in income generation activities of the resource poor people. Still majority of the rural communities are depending on financial assistance for enhancement of their living standards. The RUSACCOs are the prime source of rural communities particularly the vulnerable sections for getting small loans. The rural communities have also been facing the problems of financial assistance through formal institutions like cooperatives. Several actions have been taken by the government and other national and international organizations to support the poor people. In order to avert the exploitation of the private money lenders in the providing of loans, government has focused on establishing of RUSACCOs. A separate agency for cooperative development known as cooperative promotion agency has been established to play a key role in the overall round development of the cooperative. Besides, the Government of Ethiopia and regional Governments have also been spending on different development and welfare programmes to restructure the socio-economic conditions of the rural community.

In the rural areas of Ethiopia most of the people have been borrowing from the money lenders for meeting their domestic needs and for the agricultural purpose. In the absence of institutional credit, rural people were mostly getting their loans from the non- institutional credit and forced to accept the high interest rate. Getting loans from private money lenders may result in several other types of exploitation.

Cooperatives have been facing different problems for providing better services to its members. Most of the earlier studies in the study woreda on the problem of RUSACCOs are mostly descriptive rather than systematic orientation. We consider it most justifiable to undertake an in-depth investigation on RUSACCOs. Therefore, it is imperative to conduct a research study on the problems and opportunities of RUSACCOs.

Objectives of the Study

- To examine the socio economic conditions that influence saving and credit activities of members of the RUSACCO.
- To identify the constraints and potentials of RUSACCOs which are improves the economic development of cooperatives.
- To advocate appropriate measures to strengthen the existing RUSACCOs in the study area.

Significance of the Study

The study has attempted to identify the challenges and opportunities of RUSACCOs in Dogatemben Woreda, Tigray region, Ethiopia. Therefore, this study has significant role to help policy makers in designing appropriate policies and strategies that would improve the effective functioning of the RUSACCOs in the study woreda in particular and Tigray region in general. It is believed that the result of the study will help to cooperative promotion officers in establishing genuine RUSACCOs. And finally, this study will provide insight for further researchers and there by encourage researchers to conduct a research in the field.

Review of Literature

Cooperative is the very basis of human civilization the interdependence of mutual help among human beings have been the essential of social life. History tells us that man cannot successfully live by himself and for himself alone. He is dependent on others. The sprites of association are essential to human progress. Therefore working together is as old as human society. Since the beginning of human society, men have cooperated first in foraging and then in hunting later in agriculture and still in manufacture (Verakumaran 2003).

International Co-operative Alliances (ICA), 1995, defines cooperative, as “an autonomous association of persons, united voluntarily to meet their common economic and social needs through jointly-owned and democratically controlled organization/enterprise”.

Saving and credit co-operatives (SACCOs) are one type of cooperative society, are also known as credit unions, thrift and credit co-operatives or saving and credit Association. Dejene (1993) defined as “A Thrift and Credit Cooperative is a free association of people with a common bond who save and lend money to one another at low interest rate for productive and provident purpose”. From this definition, Dejene has inferred the following three important points as the basic purpose of SACCOs, to promote thrift, provide credit at a low interest rate and teach people the wise use of their money and efficient management of their limited resource.

As a short-term solution to the lack of saving by the households, government of developing countries are embarking micro financing schemes to enable the households to venture in to small business activities. However, these measures are not only costly but also not suitable in the longer run if the societies are not empowered to save by themselves (Orazio and Miguel, 2000).

Rural Saving and credit cooperatives are voluntary financial organizations owned and operated by members. Their purpose is to encourage savings by creating local deposit activities and then using the pooled funds to make loans for productive, consumer or social purposes to their members. Rural Saving and credit cooperatives operate as farmers' grassroots organization, aimed usually at meeting the seasonal financial needs of their members, which other financial institutions do not satisfy (FAO, 2002).

Cooperatives have the feeling of the local areas, reflecting the rural ethos and culture. Farmers feel at ease with loan agents of cooperatives, unlike in the case of commercial banks. Despite the potential advantages of the system, effective cooperative for financial services delivery have been facing difficulties in many countries. The major problems of cooperatives specifically in Africa are: absence of experienced management, uneconomic base level units, lack of supporting infrastructure like extension, training, etc., poor members participation due to hasty launching of cooperatives, insufficient supervision and auditing of cooperatives, and too much political disturbance (Padmanabhan, 2000).

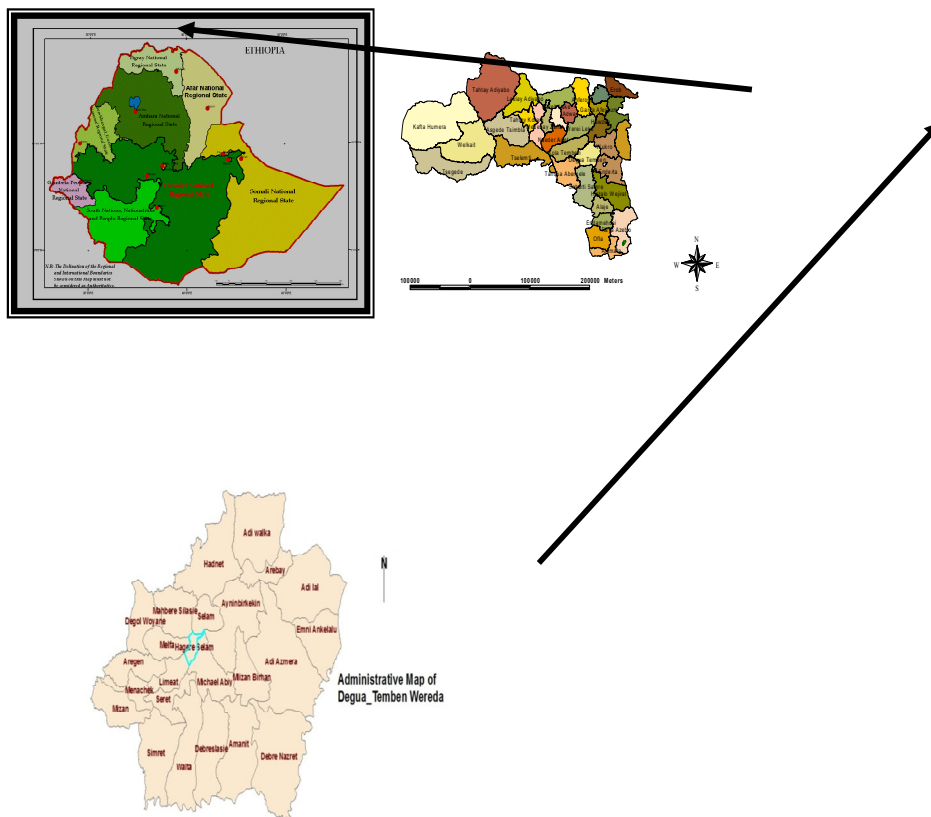
Primary-level financial cooperatives typically start as small organizations, based in a village or work place. In the beginning they are usually managed by members on a voluntary, part time basis, and provide only savings and loan basic products leading is financed by the pool of member's savings. The organization is registered as a cooperative is owned by its members and follows a one member, one vote principle. The members' liability is limited to the value of their shares. The financial cooperative may also be subject to a voluntary or statutory code regulating the governance & management of financial cooperatives in the country. As membership expands and the business grows, the financial cooperatives may take on salaried managers & staff. Brazil, Sirilanka, Kenya, Burkina Faso, South Korea & USA are best examples (The World Bank 2007).

Methodology of the study

Tigray the northern most region of Ethiopia bordered by Sudan & Eritrea, Amhara & Afar region in west, north, south & east respectively. It is situated between 120 15' and 140 57' N latitude and 360 27' and 390 59' E longitude. The study area Degua-Tembienworeda is one of the 46 woredas in the Tigray region of south west zone. The woreda lies on as 45.75% high land area, 35.5% middle altitude land and 18.75% is on low land.

Total population of Tigray region is estimated to be 4.8 million, with growth of 2.67% annually. Out of the total population 3787666(78.8 percent) live in rural area and only 1019176(21.2 percent) in urban areas. The number of total households estimated to be 989,512 (BoFED, 2011). The total population of the study area also estimated to about 145,290 and aggregated to households of 25903 & about 81.54% of it lives in the rural areas (WOoARD, 2011).

Map of Doga Tembenworeda, Tigray regional national state, Ethiopia



Source: UNDP Documentation (1998)

Out of the 34 rural woredas in Tigray region *Dogatemben*woreda was selected. The study has been carried out using a three stage random sampling techniques. In the first stage out of the four woredas of south east zone, *Dogatemben*woreda has been selected based on the following reasons. Even though the district has started the RUSACCOs activities eleven years ago (2001), but there was no significant changes, satisfactory growth and did not extended as required. The woreda has more potential for beekeeping and other resources income opportunities, but there is lack of proper saving and management of resources. In the district there are 30 RUSACCOs out of which seven are in the urban area and twenty three SACCOs are in the rural area of the Woreda.

In the second stage out of 23 RUSACCOs in the study woreda, 10 RUSACCOs were selected by simple random sampling method (lottery method) for the present study. In the third stage to select sample respondents from the ten RUSACCOs, list of total members of RUSACCOs have been collected from 10 RUSACCOs. From each RUSACCO 30 percent of the total number of members of RUSACCOs were selected by systematic random sampling. The total 167 sample respondents were selected from the list of total members of 554 from 10 RUSACCOs.

Sampling Frame:

Table -1 Distribution of sample respondents among ten RUSACCOs

No.	Name of The Tabia	Name SACCOs	Total Number of Members (Savers)			Date of Establishment (E.C)	Total Saving	Respondents	
			M	F	T			%	Total Sample (n)
1	Hagereslam	Raey	19	10	29	17/11/1999	38,094	30	9
2	Limat	Tembenteree	83	37	120	16/11/1993	307,448	30	36
3	Hadinet	Weiny	9	10	19	8/11/2000	15,370	30	6
4	Marta	Tesfahiwet	20	26	46	11/02/2000	21,190	30	14
5	Mahbereslassie	Kestedemena	50	12	62	1/1/1998	92,750	30	19
6	Selam	Betngus	38	11	49	9/11/2000	19,893	30	15
7	Manachica	Mizan	40	8	48	26/11/2000	11,675	30	14
8	Seret	Endakoraro	59	11	70	10/11/1999	25,278	30	21
9	Adiazmera	Admas	47	8	55	12/02/2000	184,746	30	16
10	Mizanebrhan	Meady	37	19	56	12/09/1999	7,810	30	17
Total			402	152	554		724,254	30	167

Source- Primary data, 2012

Data Source and Methods of Data Collection

For the purpose of the study both quantitative and qualitative data were collected through primary and secondary data sources. The primary data was collected from the members of RUSACCOs, through pre-tested interview schedule. The interview schedule was prepared and translated into local language “Tigrigna”. Primary data was collected by three enumerators who have the knowledge of the local culture, custom, belief & language of the local people. These enumerators those who have completed 10th grade were selected and trained them about objectives of the study, content of the interview schedule and how to conduct interview with the sample respondents. Secondary data have been collected from annual reports, field documents, progress reports, books, journals, internet, published and unpublished documents.

Methods of Data Analysis

The quantitative data has been analyzed by using descriptive statistics such as mean, standard deviation, percentage, frequency, was used for both primary and secondary data. The study results were presented through tables.

Result and Discussions

Socio-economic characteristics of the Sample Respondents

An attempt is made in this section to analyze the socioeconomic characteristics of the sample respondents like age, marital status, educational status, landholdings, income patterns etc.

The table 2 shows that out of 167 sample respondents 64.1 percent of the sample respondents are male and 35.9 percent of the sample respondents are female. As indicated in table 2 below, the participation of women in saving and credit cooperatives was very low and it indicated only 35.9 percent. This indicated that the women are not benefited more from the cooperatives. In the other hand the cooperative could not developed and strengthened without women participation in the cooperative activities. Women represent greater than 50 percent of the total population of the study areas. Therefore, focus could be given by government and other concerned bodies for the participation and involvement of women for development of the cooperative.

Table 2 Distribution of the sample respondents by Sex (N=167)

S/No	Description	Number	Percentage
1	Male	107	64.1
2	Female	60	35.9
Total		167	100

Source: Primary data, 2012.

The average age of the sample respondents was 36.6 years old with the minimum and maximum 20 and 70 years respectively. Age could contribute to acquiring skill, knowledge and experience through continuous learning. The skill and knowledge could be obtained through effective training. As indicated in table 3 out of 167 sample respondents, majority 52.7 percent of the sample respondents are in the age group of 20-35 who are actively participate in the activities of the RUSACCOs. 32.3 percent of the sample respondents are in the age group of 36-45 and 15 percent of the sample respondents are in the age group of 46-70 years. Out of the 167 respondents

85 percent of the sample respondents were below 45 years and productive forces. It is found that the two age groups young and middle-aged respondents are interesting to join and access RUSACCOs services to improve their income generation activities.

Table 3 Distribution of the sample respondents by age (N=167)

S/No	Age Group in Years	Number	Percentage	Remark
1	20 to 35	88	52.7	Mean=36.36
2	36-45	54	32.3	Minimum=20
3	46-70	25	15	Maximum=70
Total		167	100	

Source: Primary data, 2012.

Education helps to acquire knowledge and skill to manage their business. Education helps the members to know and understand how to manage their money and profitably handled. Human labor is the great assets in any country. This man power must be educated and trained to sustain and develop himself and his country.

As indicated in table 4 the survey result shows that, 19.8 percent of the respondents were illiterates they cannot read and write, 10.8 percent of the respondents can read and write. Out of the total literate respondents, 47.9 percent of the respondents have been completed between 4-8th grades, 13.2 percent of the respondents have completed 9th-12th grades, and only 8.4 percent of respondents have completed college level graduates. Education develops management skills and helps to strengthen the RUSACCOs activities. It is noticed that education is a significance factor to stimulate the people, manage and perform with knowledge and skill on every RUSACCOs activities.

Table 4 Distribution of sample respondents according to Educational status

S/No	Level of Education	Number of Respondents	Percent	Remark
1	Illiterate	33	19.8	
2	Can read and write	18	10.8	
3	4th-8th grade	80	47.9	
4	9th-12th grade	22	13.2	
5	College graduates	14	8.4	
Total		167	100	

Source: Primary data, 2012.

The survey results revealed that the average family size of the sampled respondents were 4.30. As indicated in table 5, 34.73 percent of the sample respondents have a family size of 1-3, 48.5 percent of the respondents have a family size of 4-6, and 16.7 percent of the respondents have 7-9 family size and 10 and above family size constitute only 0.6 percent.

Table 5 Distribution of sample respondents according to Family size (N=167)

S/No	Family Size Group	Number of HHs	Percentage	Remark
1	1-3	58	34.73	Mean=4.2994
2	4-6	81	48.5	Minimum=1.00
3	7-9	27	16.17	Maximum=10.00
4	10 and above	1	0.6	Total population=718
Total		167	100	

Source: Primary data, 2012.

Marital status of the sample respondents presented in table 6. The Table 6 shows that 76 percent of the respondents are married, 12.6 percent and 8.4 percent of the sample respondents are single and divorced respectively. Only 3 percent of the sample respondents are widows. It is found that the RUSACCOs activities are good opportunities for the single, divorced and other poor members to enhance their livelihoods and socioeconomic status. Majority 76 percent of the respondents those who are actively participation in RUSACCOs activities are married and only 24 percent of the respondents are participated as a members of the RUSACCOs which was a very low participation. It is indicated that the family members of the married households were the driving forces for livelihood improvement.

Table 6 Marital status of the sample respondents (N=167)

S/No	Marital status	Number of Respondents	Percent	Remark
1	Single	21	12.6	
2	Married	127	76	
3	Divorced	14	8.4	
4	Widowed	5	3	
	Total	167	100	

Source: Primary data, 2012.

Majority of the rural communities' main livelihood is agriculture. The land is the most important fixed asset/natural resource and basic input for agricultural production. Farm landholding leads to opportunities and demand of RUSACCOs provisions. Table 7 shows that 33.5 percent of the respondents having 1 hectare land, 21 percent of the respondents have 0.75 hectare, 13.8 and 6 percent of the respondents have land 0.5 and 0.85 hectare land respectively. 124 (74.25%) out of the total respondents were owners of cultivated land and the remaining 43 (25.75%) respondents do not have any farm land.

Table 7 Distribution of sample respondents according to farm land Size in hectare (N=167)

S/No	Land holding size in Hectare	Size of Farm Land in Hectare			Number of HHs	Percentage	Remark
		Rainfed	Irrigation	Total			
1	0(land less)	-	-	-	43	25.7	Mean=0.8246
2	0.5	8.75	2.75	11.5	23	13.8	Minimum=0.5
3	0.75	22.85	3.4	26.25	35	21	Maximum=1.00
4	0.85	6.05	2.45	8.5	10	6	Total area=102.25 ha
5	1	53.1	2.9	56	56	33.5	
Total		90.75	11.5	102.25	167	100	

Source: Primary data, 2012.

Saving habits and saving Interest

Saving is an important aspect in the RUSACCOs activities. RUSACCOs main objective is to promote saving habits and give loans to its members. RUSACCOs save its members from the clutches of the money lenders. The members of RUSACCOs receive reasonable interest rate on their savings and dividends from the profit of RUSACCOs. Table 8 shows that the mean annual savings of the respondents on compulsory savings, voluntary and child savings were 94176, 25050, and 23688 respectively with total of 142914 birr.

Table 8 Annual savings of the respondent in RUSACCOs

S/No	Saving Type	Production Year			Total	Mean
		2008/9	2009/10	2010/11		
1	Compulsory savings	89640	92016	100872	282528	94176
2	Voluntary savings	-	-	25050	25050	25050
3	Children savings	22410	23004	25650	71064	23688
	Total	112050	115020	151572	378642	142914

Source: Primary data, 2012.

Major Challenges and Opportunities of Saving and Credit Cooperatives

Table 9 the challenges of saving and credit cooperatives which are identified by respondents.

S/No	Challenges/problem	Agree	Disagree	% for Agree
1	Weak management capacity	110	57	65.9
2	Lack of guarantor /collateral	59	108	35.3
3	Lack of professional skilled manpower	122	45	73.1
4	There is no RUSACCO office in the Tabia	0	167	0
5	Distance to the RUSACCO office	0	167	0
6	Liquid assets are not considered as a guarantee	52	115	31.1
7	High interest rate	0	167	0
8	Government intervention to provide loan in time	0	167	0
9	The RUSACCO are not audited in time.	167	0	100
10	Lack of knowledge in the line of income generating activities	167	0	100
11	Lack of information in the line of income generating activities	134	33	80.2
12	Lack of proper saving	167	0	100
13	Limited loan amount available from RUSACCOs	167	0	100
14	Irregular general body meetings	70	97	41.90
15	Wastage of money for unnecessary ceremonies	167	0	100
16	Lack of awareness on saving habit	167	0	100
17	Scattered settlement/No social villagisation	74	93	44.3
18	Lack of road access	0	167	0
19	Low participation of members in RUSACCOs activities	167	0	100
20	Limited training opportunities available to RUSACCO members	129	38	77.2

Source: Primary data, 2012.

Weak Management Capacity: Majority 65.9 percent of the respondents have agreed that the RUSACCOs management committee capacity was weak to manage RUSACCOs activities properly. Respondents have opined that the management committee has lack of knowledge on RUSACCOs activities. The rest 34.1 percent of the respondents have believed that RUSACCOs management committees have good skills to management of RUSACCOs activities.

Lack of Professional Skilled Manpower: When respondents asked to response whether lack of professional manpower was a challenge for RUSACCOs expansion or not, 73.1 percent of them agreed that RUSACCOs do not have professional skilled manpower. The respondents have reported that, due to lack of skilled manpower RUSACCOs have limitations to development and expansion of saving and credit activities. During the course of the research study it was observed that many RUSACCOs do not have adequate auditor's services, accountants and other cooperative experts to support continuously.

Lack of Auditing on Time: It is found that 100 percent of the respondents have agreed that lack of auditors to audit RUSACCOs. They opined that it is a big pitfall/drawback in all RUSACCOs. Yearly auditing is the most important to maintain transparency and accountability in RUSACCOs services, as a result RUSACCOs activities can be expanded. The sample respondents have stated that, due to improper auditing, members are not getting sufficient loan amount and dividend payment and saving activities. In the study woreda there are 31 RUSACCOs and 45 other different cooperatives, all together there are 76 cooperatives. However, the civil service career allows only two auditors for each woreda. These two auditors could not control and audit properly in all these cooperatives in a given time. Due to the lack of auditing services in the study area, majority of the RUSACCOs did not pay dividend to their members. If there is no auditing on proper time, it may leads to wastage of money and corruption of the resource.

Lack of Knowledge in income Generating Activities: Income generation activities are most important to improvement of living standards of the RUSACCOs members. It is disappointed to notice that all respondents 100 percent of the sample respondents were agreed that lack of knowledge in income generating activities and it is a decisive factor on challenging the SACCOs progresses.

Wastage of Money for Unnecessary Ceremonies: Respondents were asked to state whether they agree or disagree regarding to the wastage of money for unnecessary ceremonies. In response to the statement, all the respondents 100 percent of the respondents have agreed that there is wastage of money for unnecessary ceremonies. When there is wastage of money for unnecessary holidays and ceremonies they cannot save money and investment on different income generating activities.

Lack of Awareness on Saving Habit: Hundred percent of the respondents have agreed that the lack of awareness on saving habit was the critical challenge for RUSACCOs development. Therefore, there is a need to

create continuous awareness on benefits, advantages of saving. Government and non government organizations should focus on these activities.

Limited Loan Amount Available: All respondents 100 percent have agreed that limited loan amount available is a challenging for RUSACCOs development. The respondents have reported that the amount of loan available for members is very low; on the other hand the annual saving of the RUSACCOs members was very less.

Low Participation of members in RUSACCOs activities: 100 percent of the sample respondents have stated that the low participation of members in the RUSACCOs activities was the main problem. Due to lack of awareness most of the RUSACCOs members are not participating actively. Hence, there is a need to create awareness on benefits, services and advantages of RUSACCOs. If members have good knowledge on RUSACCOs advantage then members' participation can be increased.

Limited Training Opportunities to RUSACCO Members: Training and education is the most important to get knowledge and information on different aspects of RUSACCOs. It is observed that 77.2 percent of the respondents were agreed that there were limited training opportunities available in RUSACCO, whereas 22.8 percent of the respondents were disagreed to the statement. Majority of the respondents have not participated in any training program. As a result most of the members have limited knowledge regarding to saving and credit services and the overall importance of cooperative.

Irregular general body meetings: Regular general body meetings are the crucial for strengthening of cooperatives. Meetings help to take appropriate decisions with the opinions of the majority members. The study results revealed that 70 respondents constituting 41.90 percent have stated that the irregular general body meetings are the problem for expansion of cooperatives and rest of the respondents have reported that there is no problem of irregular general body meetings.

Table 10 Major opportunities which help to expansion of saving and credit cooperatives

S/No	Major Opportunities	Agree	Disagree	% for Agree
1	The presence of supportive governmental policies and strategies on RUSACCOs development.	167	0	100
2	Create awareness of the society from time to time	76	91	45.5
3	Different capacity building efforts by government, NGOs and the cooperatives	127	40	76
4	Increasing the number of professional skilled man power from region up to Tabias	119	48	71.3
5	The presence of well organized community administrators and different social organizations	116	51	69.5
6	Different infrastructure facilities	130	37	77.8
7	Marketing facilities	119	48	71.3
8	Improvement of Livelihood and benefits of the RUSACCOs	102	65	61.1
9	RUSACCOs are free organizations from government intervention	125	42	74.9
10	Getting low interest rate for credit beneficiaries	119	48	71.3
11	Getting credit without collateral	126	41	75.4
12	Strong legal framework of RUSACCOs	88	79	52.7
13	The location of RUSACCOs at the centre	123	44	73.7

Source: Primary data, 2012.

The presence of supportive government policies and strategies: Supportive Government policies and strategies are very significance for development of cooperatives. The study results indicated that all the respondents 100 percent were agreed that the government policies and strategies on RUSACCOs should be supportive for the development of RUSACCOs.

Different capacity building efforts by government, NGOs and cooperatives: The table 10 shows that 76 percent of the respondents have been agreed that the capacity building programs are very important which are providing by the government, NGOs and the cooperatives for the future improvement of RUSACCOs. The rest 24 percent of the respondents did not agree with this statement.

Increasing the number of professional skilled man power from region up to Tabias: Professional skilled man power plays a greater role to development and expansion of RUSACCOs services. It is found that 71.3 percent of the respondents were agreed that the increasing number of professional skilled man power from Tabias level to region level was the major potential for RUSACCOs development.

The presence of well-organized community administrators and different social organizations: Respondents were asked to state whether they agree or disagree regarding to the presence of well-organized community

administrators and different social organizations as RUSACCOs opportunity. Table 10 indicates that the majority 69.7 percent of the respondents agreed that the presence of well-organized community administrators and different social organizations are an opportunity for good services of RUSACCOs.

Different infrastructure facilities: Infrastructure facilities are crucial for improvement of the socioeconomic standards of the people. It provides many advantages to improve the service delivery to the community. Table 10 clearly shows that 77.8 percent of the respondents have agreed that the different infrastructure facilities which are providing by the government, NGOs and cooperatives are an opportunities for the future improvement of RUSACCOs. The rest 22.2 percent respondents were not agreed with the statement.

Market Facilities: Strengthening of market facilities are an opportunity for the overall development of the people. Farmers can buy and sell their products/goods at remunerative prices. It was observed that the survey result indicates that 71.3 percent of the respondents were agreed that the free market facilities in Ethiopia is an opportunities for the improvement of RUSACCOs services.

Getting low interest rate for credit beneficiaries: Interest rate is the very important aspect in the RUSACCOs services, it should be reasonable. Study result indicated that 71.3 percent of the respondents have been agreed with the low interest rate to the creditors (those who have taken loan from the RUSACCOs) is the better opportunity. As a result RUSACCOs can be encouraged its members to get loan for different purposes with the loan interest rate.

Getting credit without collateral: The 75.4 percent of respondents agreed that getting credit without collateral is a better opportunity for RUSACCOs progresses.

Strong legal framework of RUSACCOs: Respondents were asked to choose whether they agree or disagree regarding to the strong legal framework (laws and bylaws) of RUSACCOs as an opportunity of RUSACCOs development in the future. The response to the statement is 52.7 percent of the respondents have been agreed that the strong legal framework is an opportunity to develop and maintain transparency and accountability in RUSACCOs services.

Improvement of livelihood activities and benefits of the RUSACCOs: The study result indicated that 61.1 percent of the respondents were agreed that the livelihood improvement activities and benefits of the RUSACCOs are an opportunities for the future improvement of RUSACCOs provisions.

The location of RUSACCOs at the centre: The location of the RUSACCOs office plays a vital role to improvement of the RUSACCOs services. It is observed from the survey result 73.7 percent of the respondents agreed that the central location of the RUSACCOs office is a best opportunity for RUSACCO development.

Recommendations

During the course of the research study researcher has identified different challenges which are facing by the RUSACCOs members in accessing RUSACCOs services. The followings are the some possible recommendations to strengthen and expand the rural saving and credit cooperatives in the study area.

- Efforts should be made to undertake certain awareness creation programs on RUSACCOs activities. It is quite disappointing to note that the awareness about the different provisions of RUSACCOs among the sample households is quite low. Hence, the federal cooperative agency and Woreda cooperative officials should create awareness among the RUSACCOs members and general public. Otherwise for the effective implementation of the RUSACCOs services may not carry any significance.
- Still the RUSACCOs members are getting loans from the private money lenders and other financial institutions. As a result, these people heavily losing by paying very high rate of interest for their loans. To tide over the crisis there is a need to supply adequate credit through RUSACCOs. Moreover the RUSACCOs members should enhance their income sources, which may also prevent seeking often the financial support from the private lenders.
- It is understood that education plays a crucial role to development knowledge and skills of human beings. This implies that educated RUSACCOs members decide and they participate actively in all function of RUSACCOs. Therefore, education of the members should be increased through literacy campaign and other means of formal education.
- The empirical results of this study indicate that women participation in the RUSACCOs activities was very low. Women participation positively and significantly related to increase performance of RUSACCOs services. Hence, there is a need to encourage/promote women's to active participation of the RUSACCOs functions. Cooperative unions and concerned government department officials should focus on the capacity building programs and awareness programs on RUSACCOs services, gender sensitization, advantages of cooperatives provisions, cooperative values and principles. It may help to enhance women's empowerment through RUSACCOs activities.
- Infrastructure facilities play an important role in the community development. Providing adequate infrastructure facilities for the benefit of the members may improve their access to distant RUSACCOs offices, market, schools and other needed infrastructure facilities.
- The study result shows that the RUSACCOs members do not have access adequate, accurate and timely

information regarding to income generation activities. Hence, RUSACCOs should create database information and should provide to the members in their local language through pamphlets, and electronic media, etc.

- Presently, there are no any effective training programs for RUSACCOs members as a result majority of the respondents have not taken any training. Due to lack of need based training programs, members do not have good knowledge about RUSACCOs functions and provisions. Therefore, government and non-government officials should give emphasis on different training programs to management committee members and RUSACCOs members. So as to they can be improved their efficiency in their activities.
- Our study result indicated that the amount of saving depositing at this time by the members is very less and it is not enough to run any business activities and to give credit services for all members of the RUSACCOs. Therefore, there is a need to strengthen the financial potentials of the cooperatives through increasing membership, increasing monthly saving amount, decreasing unnecessary wastages. On the other hand government and non-governmental organizations should be given external credit to meet the loan demand of the members and implement other business activities through RUSACCOs.
- The cooperative officials should concentrate on the establishment of strong RUSACCOs unions which could be addressed the constraints of the RUSACCOs members. So that they can easily accesses cost effective centralized services like accounting, training, saving and loan facilities through formation of central finance programs.
- Study result shows that, due to lack of skilled manpower RUSACCOs have limitations to development and expansion of saving and credit activities. During the course of the research study it was observed that many RUSACCOs do not have adequate auditors, accountants and other cooperative experts to support continuously. Due to the lack of auditing services in the study area, majority of the RUSACCOs have not paid dividend to their members. Hence, the government needs to recruit skilled and qualified auditors to ensure quality of the RUSACCOs services.
- The study results revealed that the majority of the respondents have reported that the irregular general body meetings are the problem for expansion of cooperatives. Therefore, cooperative executive committee should give emphasis on regular general body meetings. These measures may help to increase transparency and accountability in the RUSACCOs activities.
- Due to lack of monitoring and evaluation system there is a gap in continues follow of RUSACCOs functions. The government has to develop appropriate monitoring and evaluation mechanism to follow-up RUSACCOs activities. As a result the authorities may take appropriate steps for the effective planning and implementation of the RUSACCOs activities. Focus should be given by different organizations on different farming and off farm activities to solve the lack of knowledge and skill on income generating activities.

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