

Assessment of the Role of Agricultural Cooperatives in Achieving Socio-Economic Development in Sululta Woreda, Oromia Special Zone

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Abstract

The study was conducted with the main objective of assessing role of Agricultural Cooperatives in achieving socio-economic development in Sululta woreda, Oromia Special Zone. Both primary and secondary sources of data were used to obtain the desired qualitative and quantitative data and semi-structured questionnaire was used to collect the necessary information. Quantitative data would analyzed by using simple descriptive statistics like percentage, frequency and mean and qualitatively .data was analyzed through concepts of explanation and elaboration of description of ideas and opinions of respondents. The result of this study shows only 14(15.2%) of the sampled respondents from the two kebeles were participant of agricultural cooperatives. The cooperative members obtained different types of services from agricultural cooperatives including agricultural input supply (92.31%). Regarding with socio-economic challenges of agricultural cooperatives, lack of information is the main factor that affects participation of the respondents in agricultural cooperatives that accounts 85.87%. Poor infrastructure is another factor that hinders the participation of non-participants in cooperatives as well as discourage member of cooperatives. In conclusion, agricultural cooperatives have a great contribution for the farming community in the study area through supplying agricultural inputs i.e. improved seeds, fertilizers, and agro-chemicals with balanced price. Despite these facts, the number of participants of agricultural cooperative is small (15%).Lack of information is the main constraint that affects the participation of the respondents as mentioned by majority of study participants and key informants. Therefore, education and training program as a strategy should be designed to increase awareness about cooperatives.

Keywords: cooperative, Socio-economic development, Agricultural cooperative

INTRODUCTION

“With almost half of the world’s people living on less than two dollars a day, alleviation of poverty has become the biggest challenge to the human society. In response, the global campaign against poverty has gained momentum, with various development actors suggesting the use of different instruments to alleviate poverty.” Poverty reduction is an area of concern to not only the government of a nation but also to nongovernmental organizations and the society itself. This is the reason why many organizations including cooperatives are established and are being working in many part of the world aiming to ensure the wellbeing of people. There is an emerging consensus among many actors of development including UNDP, that the cooperative enterprise is one of the new forms of organization that meet all dimensions in the reduction of poverty(AlemuTereda, 2011).

The United Nations resolution on the role of cooperatives in social development recognizes the contribution and potential of cooperatives in social development and encourages member states to establish an environment conducive to their development (UN, 2009). Consequently, cooperatives are increasingly being presented as one of the pre-condition for a successful drive against poverty and exclusion.

Similarly, Destahun (2007) underlined that the use of cooperatives in fostering community development and local economic development has received great attention and emphasis with much work focused on the use of different types of cooperatives as a means for local economic development. The argument is that the emphasis is now on the promotion of development from below and from within to reduce local dependence on non-local corporations and to broaden the benefits of development to more groups within the locality.

Cooperative history in Ethiopia includes many decades of state-run enterprise, involuntary membership regulations, and centralized fixed prices.

Cooperatives have a long history in Ethiopia, particularly in the form of traditional collective action organizations, such as work groups (jiges, wonfels, debos), rotating savings and credit associations (iqubs), and burial societies (idirs), which are still very much present (Bernard et al, 2010). However, it was after the early 1950s that a formal cooperative movement began in the country, and only in 1960 did the Imperial Government introduce the first cooperative act; “Farm Workers Co-operatives” that gave rise to the institution in its modern sense (Destahun, 2007).

The current Government of Ethiopia’s various poverty-reduction strategy papers also reflect its support for cooperatives. For example, Ethiopia’s Sustainable Development and PovertyReduction Program(ESDPR), FDRE (Federal Democratic Republic of Ethiopia 2002) includes cooperatives as one of its main goals for agricultural

development: “to organize, strengthen and diversify autonomous cooperatives to provide better marketing services and serve as a bridge between small farmers (peasants) and the non-peasant private sector” (Bernard et al, 2010). Hence, it is indicated in SDPR strategy paper of the Federal Government of Ethiopia that the government has currently recognized the developmental role of cooperatives and given a special emphasis for their establishment (Ministry of Finance and Economic Development, 2002). Accordingly, a new proclamation, Proclamation No. 147/1998 was issued for the establishment of cooperatives which was amended later on by Proclamation No. 402/2004.

Today there is a growing evidence of cooperatives success across the country, particularly in the area of agricultural marketing. Taking this growth of cooperatives as a very important vernacular to reduce rural poverty, the researcher wanted to investigate whether the quality of life of the rural poor has improved along with the successive development of cooperatives.

Statement of the Problem

Agriculture remains the main stay of the rural economy and agricultural cooperatives are important rural organizations supporting livelihood development and poverty reduction (KindieGetnet, TsegayeAnullo, 2012). Despite the significance of the agricultural sector, its performance over some decades has been rather disappointing in view of its low productivity. The small-holder farmers are constrained by many problems including those of poor access to modern inputs, inadequate credit facilities, and poor infrastructure, inadequate access to markets, environmental degradation, and inadequate agricultural extension services. In an effort to overcome some of these issues, donor agencies and governments have re-emphasized cooperatives as a strategy to promote collective action to strengthen small-holders’ livelihoods by linking them to national and international markets (Yamusa Innocent and Adefila, J. O. May, 2014). However, there is lack of a wider and systematic analysis to produce sufficient empirical evidence on the livelihood development and poverty reduction impacts of cooperatives in the country (KindieGetnet, TsegayeAnullo, 2012). Agricultural co-operatives encourage members to engage in joint cultivation of food and cash crops, purchase farm inputs at subsidized price and create better producers’ price for their farm products (Yamusa Innocent and Adefila, J. O. May, 2014). Those problems mentioned above are also manifested in Sulultaworeda. Therefore, based on the realities one can ask to what extent cooperatives in Sulultaworeda have contributed in socio-economic development? The purpose of this study is hence to fill this gap by investigating the actual and potential contributions of agricultural cooperatives in achieving socio-economic development. The general objective: To assess role of agricultural cooperatives in achieving socio-economic development in Sululta worda, Oromia special zone surrounding Finfinne.

Specific Objectives

- To identify contribution of agricultural cooperative in achieving socio-economic development of household in study area
- To assess the challenges of agricultural cooperatives in the study area

The aim of this study was to assess the role of agricultural cooperatives in achieving socio-economic development and the finding of this study used as input for intervention by the authorities in this critical area. It may also serve as a base line data for further study.

Moreover, the finding of this study will give information for those interest in agricultural cooperatives such GOs and NGOs. Hence, this helps Sululta worda as a base for its future poverty alleviation especially for the improvement of agricultural cooperative. The study also provides direction for further research extension and development plan that will benefit the farming population.

RESEARCH METHODOLOGY

Description of study Area

This research was carried out in Oromia special zone part of the country in Oromia region Sulultaworeda. Sulultaworeda is located at 40km to North of Addis Ababa. It is bordered on the east by Sandafa, on the west by Mulo, on the North by Wucaleand on the south by Finfinne. Its climate condition is dega. The worda comprises of 23 kebeles and 3 urban centers. The total population of the worda is 148,700 from which are men 73,901 and 74,799 are women.

The mean annual rainfall varies from 800mm to 1500mm and this is adequate for crop production. The economy is largely based on rural subsistence agriculture.

Sampling Techniques and Procedures

In this study, purposive and random sampling techniques were used. Probability sampling and non-probability sampling were used to collect data. From Oromia special zone, sulultaworeda was chosen purposively by considering shortage of time and budget. Due to shortage of time, environmental condition, lack of financial resource and access to computer the whole kebeles of the Sulultaworeda was not suitable to study rather two

kebeles were selected by simple random sampling by considering resources constraints and environmental condition. The two kebeles (Gorfo and Horo) were selected using a simple random sampling technique. Gorfo and Horo kebeles have 679 and 496 households respectively. Finally, as the household considered as basic sampling unit, 92 households were selected using Slovic's formula. Accordingly, the data was collected from 53 and 39 households of Gorfo and Horo kebeles respectively by using probability proportional to sample size (PPS) sampling techniques.

In short, the sample sizes are calculated as follows:

Number of HH of Gorfo kebele = 679

Number of HH of Horo kebele = 496

Sum total of number of HH of both kebeles = 1175

Therefore, to get sample size for each kebele, the following formula (Slovic's formula) was used.

$$n = \frac{N}{1 + \frac{N \cdot e^2}{12.75}} = \frac{1175}{1 + \frac{1175 \cdot (0.1)^2}{12.75}} = 92 \text{ HH}$$

Where n = sample size

N = population size

e = acceptable level of error 10%

Gorfo/Horo

1175 → 92

679 → X = 53

496 → X = 39

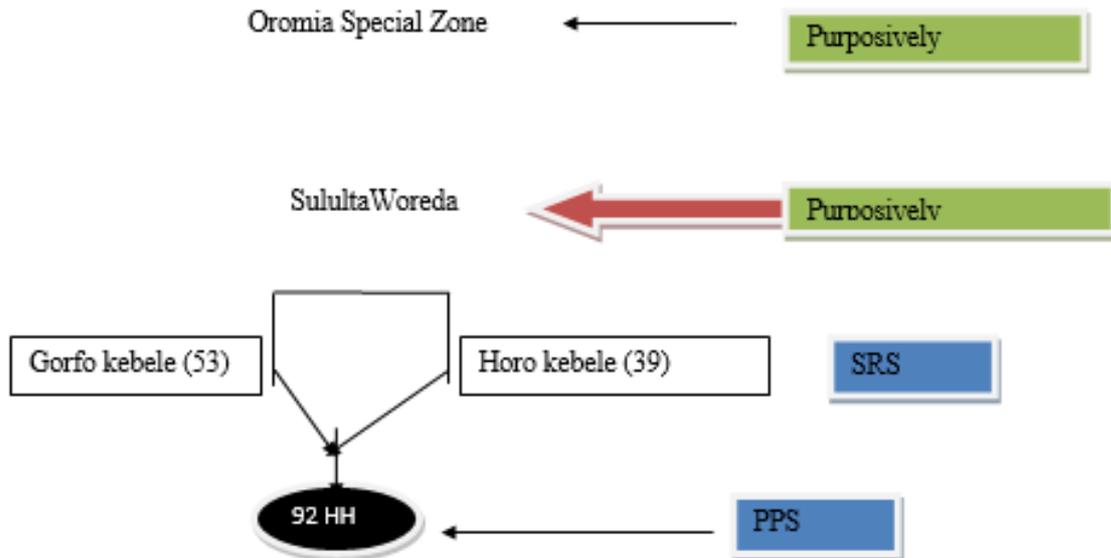


Figure 1 Sampling Technique and Procedure.

Type and Source of Data

Both primary and secondary sources of data were used to obtain the desired qualitative and quantitative data types in order to meet study purposes. Primary data was obtained by preparing questions concerned small holders farmers and secondary data was taken from the kebele agriculture and rural development office, annual report and record.

Method of Data Collection

Semi-structured questionnaire was used to collect the necessary information. The questionnaire was prepared in English language and translated into the local language (Afan Oromo). The data was collected by interviewing the respondents using semi-structured questionnaire. The data was collected by investigator.

Methods of data analysis

Quantitatively, the collected data was analyzed by using simple descriptive statistics like percentage, frequency and mean and presented in the form of table, graphs and charts. Qualitatively, data was analyzed through concepts of explanation and elaboration of description of ideas and opinions of respondents

RESULTS AND DISCUSSIONS

Demographical Description of Sampled Respondents

The data was collected from the two kebeles' of Sululta woreda i.e. Horo and Gorfo which were selected randomly. The mean age of the respondent of participant is 44.55 and non-participant is 50.6 (table 1). From the total respondent of the two kebeles i.e. 92 HHs, (94.6%) of them were male while (5.6%) of them were female. Regarding with the educational status of the respondents, 58.7% were illiterate while 41.3% literate (table 2). The highest percentage of illiteracy may have negative impact on the participation of the respondents in cooperatives. Table 1 age distribution of the sampled respondents

Variable	Mean	
	Participant	Non participant
Age	44.55	50.6

Source field survey (2016)

Table 2: Sex information and educational status of the respondents.

Variables		Frequency(n=92)	Percent (%)
Sex	Male	87	94.6
	Female	5	5.4
Educational status	Illiterate	54	58.7
	Literate	38	41.3

Source field survey (2016)

Socio-economic Information of Respondents and Socio-economic Role of Agricultural Cooperatives

The result of this study showed that 54.30% respondents were landowner while the rest of the respondents do not have land (Figure 1 illustrate land ownership).

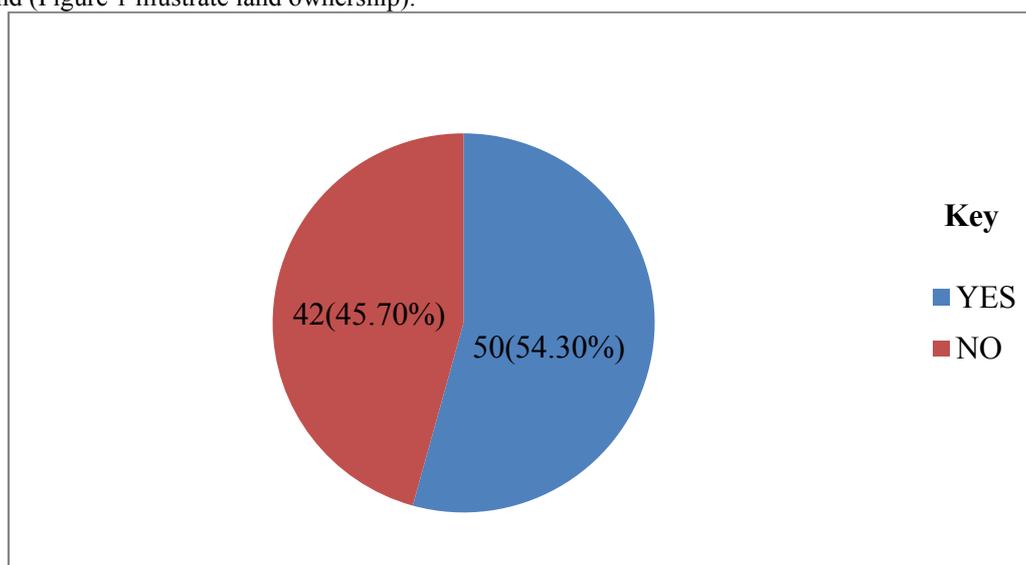


Figure 1. Land ownership of the respondents

Source field survey (2016)

The result shows that a large proportion of the respondents who owned land(52%, from which 6% account for agricultural cooperative members) have farm size below 2.5 hectares. This suggests that most of the respondents are small scale to medium scale farmers. On the other hand 22% of the respondents have farm land above 5.0 hectares.

Table 3: Farm size of land of the respondents

Size of farm land (in hect.)	Frequency(n=50)			Percent (%)		
	Member	Non-member	Total	member	Non-member	Total
Less 2.5	3	24	27	6	48	52
2.5-5.0	9	4	13	18	8	26
Above 5	2	8	10	4	16	22

Source field survey (2016)

Regarding with the source of income, the result of this study showed that out of 92 respondents 89 (96.7%) i.e. 38 and 51 from Horo and Gorfo respectively based on farm (Table 4). This suggests that the livelihood of the community is largely based on agriculture. Thus, agricultural cooperative may be very important in this community to improve their livelihoods. But number of cooperative members whose source of income is based on farm is

small(14.%).

Table 4: Source of income for sampled respondents.

Source of income	Frequency (n=92)			Percent (%)		
	Member	Non-member	Total	member	Non-member	Total
Farm	13	76	89	14.1	82.6	96.7
Non-farm	1	2	3	1.1	2.2	3.3

Source field survey (2016)

According to the result of this study, barley is the most common cereal crop produced in this area followed by wheat.

Table 5: Types of Crops produced in the study area.

Types of crops	Average Output per year(in quintal per hector)		
	Using fertilizer	Without fertilizer	Differences
Barley	32	15	17
Wheat	30	10	20
Teff	21	15	6

Source; woreda agriculture and rural development office (2016)

As per the information obtained from Sululta woreda Cooperatives promotion office, there were 15 agricultural cooperatives, 9 saving and Credit Cooperatives and 69 youth cooperatives in Sulultaworeda. The multipurpose agricultural cooperatives embrace a total membership of 1,872. Almost all of the multipurpose agricultural cooperatives were engaged in input supplying while only few of them were engaged in both agricultural input supplying and output marketing activities. Accordingly, the cooperative societies perform bulk purchasing of agricultural inputs and distribution to members of cooperatives. They also purchase agricultural products by assembling from service users. Inputs purchased and distributed through the multipurpose cooperatives include mainly fertilizers and improved seeds. According to this study, only 14(15.2%) of the sampled respondents from the two kebeles (Horo=6, Gorfo=8) were participant of agricultural cooperatives (Table 6). This result indicates that the participation in agricultural cooperatives is less. This might be potentially due the community has little awareness about the role of cooperatives. Therefore, education and training program as a strategy should be designed to improve their awareness about cooperatives. Moreover, participation of females in cooperative is minimal.

Table 6: Status of participation of respondents in cooperative activity.

Variables	Frequency (n=92)			Percent (%)		
	Male	Female	Total	Male	Female	Total
Participants	12	2	14	13	2.2	15.2
Non-participants	75	3	78	81.5	3.3	84.8

Source field survey (2016)

Regarding with types of service rendered by cooperatives in general, agricultural input supply accounts the highest percentage (92.31%) followed by agricultural output marketing and agricultural credit service which accounts 76.92% and 53.85% respectively (Figure 3).

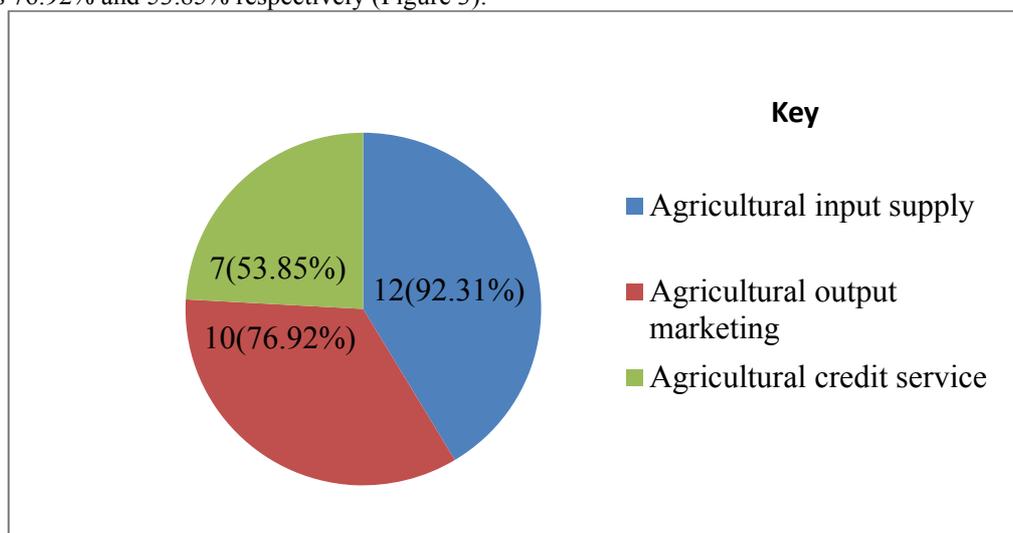


Figure 2: Type of Agricultural Service Obtained from Agricultural Cooperatives.

Source field survey (2016)

From those respondents whose source of income is based on farm (i.e. 89 respondents), only 13 of them obtained agricultural inputs from agricultural cooperatives while 76 respondents do not. These include fertilizers which account highest percentage (92.31%), improved seeds and herbicides which accounts 62.23% each and pesticides (61.54%). Agricultural inputs (Alema Woldemariam, 2008) can be considered to be primarily yield saving or yield enhancing inputs. Their basic usefulness to the farmer and therefore their potential comes fundamentally from the quantity of yield they are able to raise or save. They may also help to improve quality. Agricultural inputs were supplied by cooperatives on discount basis. Despite the role of agricultural cooperatives in supplying agricultural input to enhance yield, the number of participants obtaining agricultural inputs from cooperative is less as per to the result of this study.

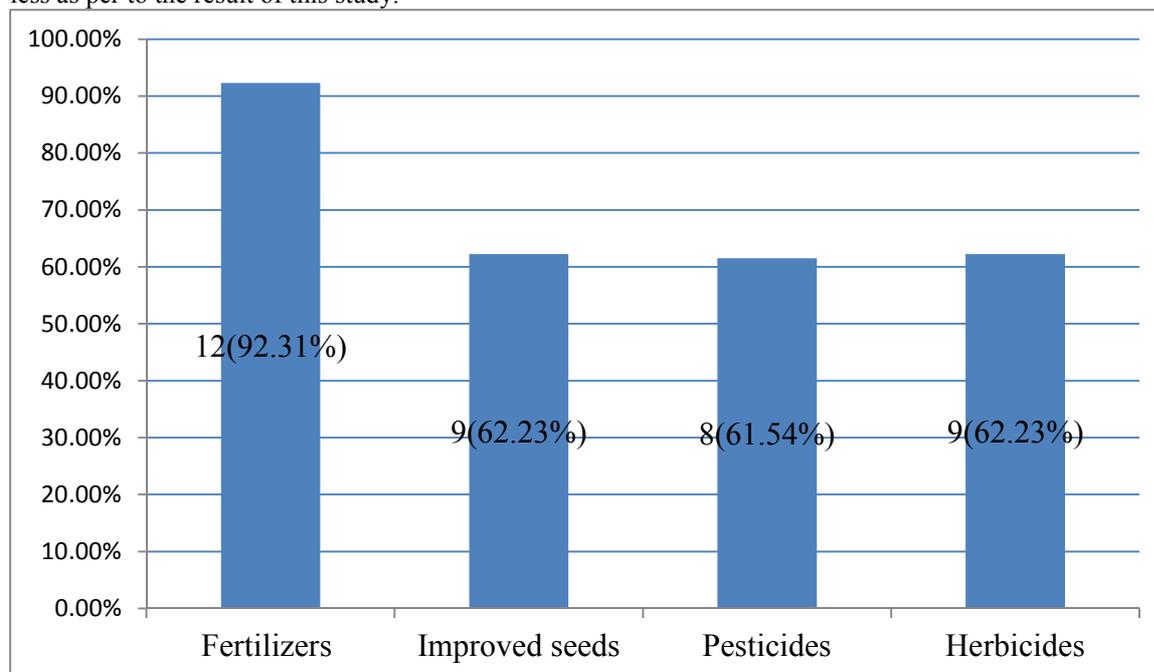


Figure 3: Types of agricultural inputs obtained from agricultural cooperatives (n=13).
 Source field survey (2016)

According to this study 13 respondents obtained agricultural input supply from agricultural cooperatives and they witnessed agricultural cooperatives have socio-economic role in this respect. Accordingly, obtaining agricultural input supply account highest percentage (92.86%) and ranked 1st and followed by increased income, which accounts 85.71% and was the 2nd largest socio-economic role of agricultural cooperatives (Figure 4). Benefits of cooperatives can be witnessed through income increment among service users (economic benefits). On the other hand, when once income increased individual can fulfill basic necessities and as a result he/she feel happy, got mental rest and live with peace mind, in short leads stable life (social benefits). Generally, cooperatives create business and income generating opportunities by supporting and encouraging surplus production (Kindie Getnet, Tsegaye Anullo, 2012).

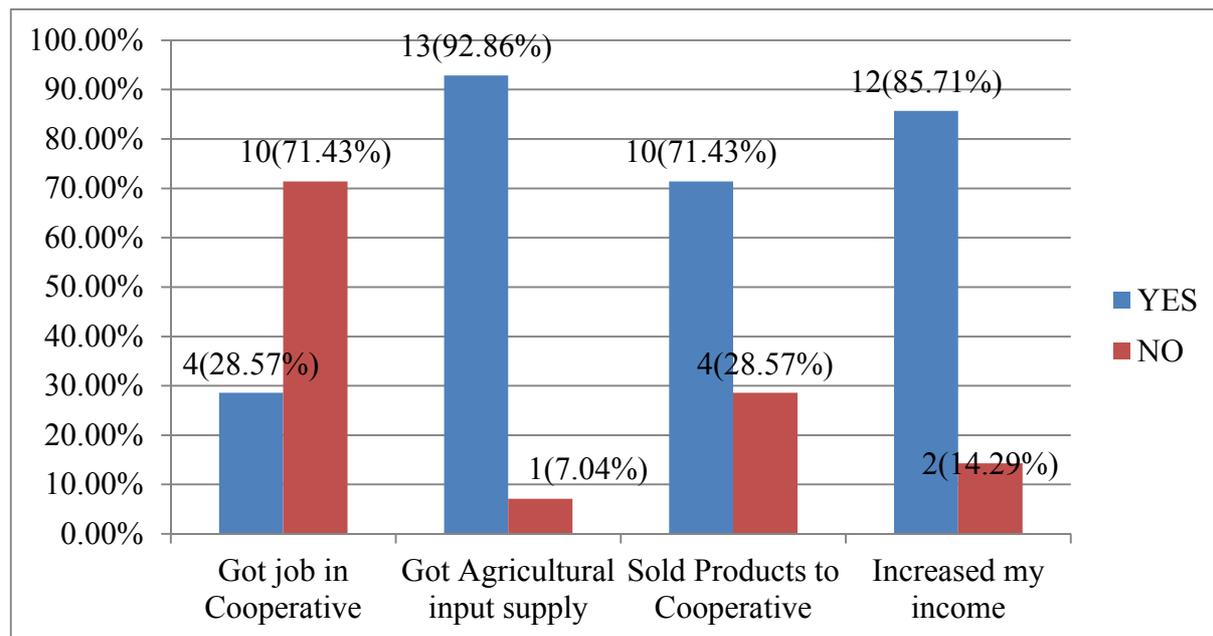


Figure 4: Socio-economic roles of Cooperative in the study community.
 Source field survey (2016)

Challenges of cooperatives

Regarding with challenges of agricultural cooperatives, lack of information is the main factor that affects participation of the respondents in agricultural cooperatives, which accounts 85.87%. Some of the respondents have no information about services obtained from agricultural cooperatives such as supply of improved seeds, fertilizers, herbicides and pesticides. Poor infrastructure particularly poor road and distance from agricultural cooperatives center are another factors that hinder the participation of non-participants in cooperatives as well as discourage member of cooperatives. Some of the respondents reported that they have to travel long distance to obtain services and the road is not suitable especially during summer season. According to the rank given by the respondents with respect to socio-economic challenges, lack of information holds the highest position followed by poor infrastructure (82.61%) and absence of continuous and relevant training, which accounts 77.17% (Figure 5). Study conducted in Ada'a district (Hailu Adugna, 2013) also indicated that, co-operative were constrained by some of the major constraints such as shortage of information and inadequate awareness and absence of continuous and relevant training.

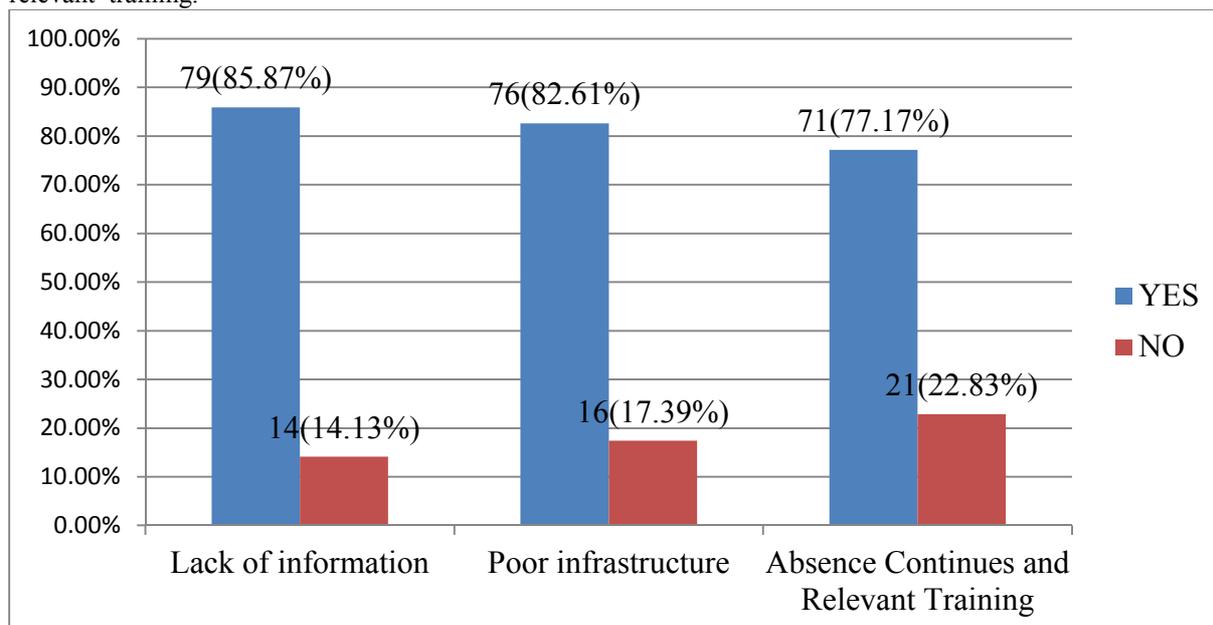


Figure 5: Socio-economic Challenges of Cooperatives.
 Source field survey (2016)

Regarding with perceptions of respondents toward the role of Agricultural Cooperatives, 74 respondents out of 92 study participants replied that cooperatives have no in socio-economic development. This may be potentially due to constraints mentioned above particularly lack of information. This may in turn be able to affect participation of the respondents in cooperatives (Figure 6). As per key informants, low farmer participation in the cooperative activities were also reported to be a major concern.

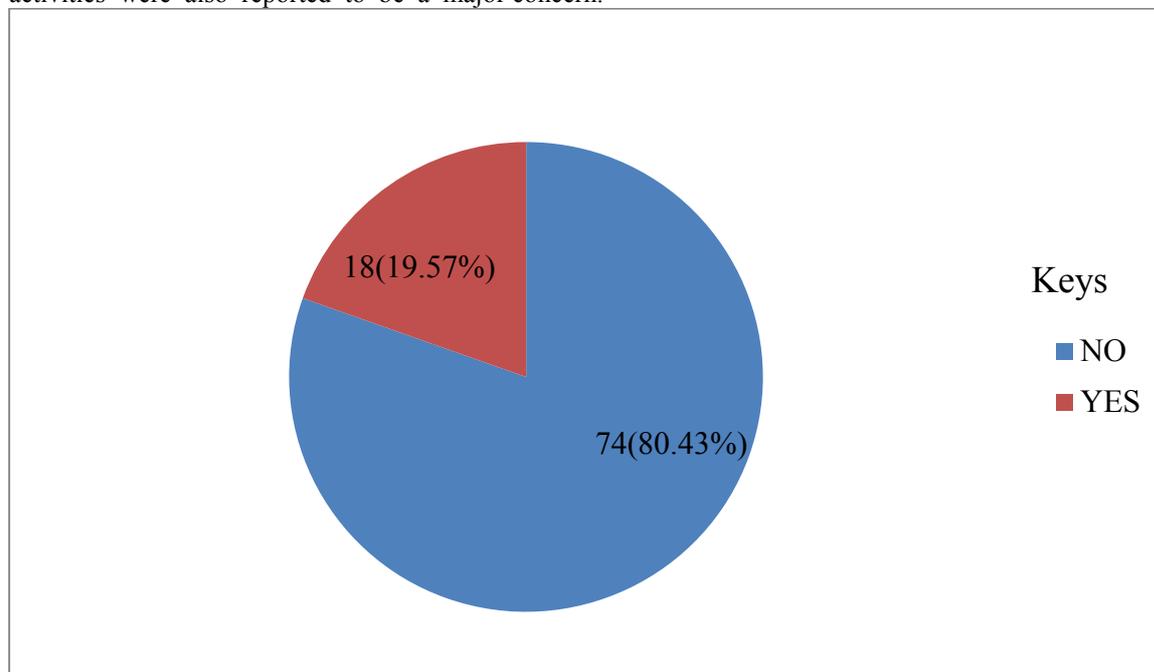


Figure 6: Perceptions of respondents toward the role of Agricultural Cooperatives.

Source field survey (2016)

According to this study, out of 18 respondents who confirmed the role of Agricultural cooperatives in achieving socio-economic development all of them (100%) witnessed that cooperatives provide livelihood for the poor while 7 respondents (38.89% n=18) confirmed that cooperative promote rural enterprises. On the other hand, agricultural cooperatives are important rural organizations supporting livelihood development and poverty reduction as per key informants and focused group discussion.

The response of the key informant showed that, there was a difference between livelihoods of cooperatives members' non-members. According to their idea, those respondents who are cooperative members obtained quality agricultural input such as fertilizers, improved seeds and agro-chemicals with lower cost and hence safe themselves from unnecessary expenditure. On the other hand, they obtained better agricultural output compared to non-members. This suggests that agricultural cooperatives have a role in increasing productivity and hence improving the livelihood of the cooperative members.

CONCLUSION AND RECOMMENDATIONS

Based on the result of this study, the livelihoods of almost all of the respondents (97%) based on farm. Thus, agricultural cooperatives have a great contribution for the farming community in the study area through supplying agricultural inputs i.e. improved seeds, fertilizers, and agro-chemicals with balanced price. This enables to increase productivity of cooperative societies and hence help them to produce surplus production, which in turn improves their livelihoods and contributes in socio-economic development of the community. Moreover, agricultural cooperatives provide agricultural output marketing and agricultural credit service for poor members.

In general, agricultural cooperatives have various socio-economic roles such as agricultural inputs supply, creation of job opportunity and agricultural output marketing and finally increasing once income as mentioned by respondents and key informants (Cooperatives managers, woreda cooperative office officials). Despite these facts, the number of participants of agricultural cooperative is small (15%). On the other way round, the role of cooperatives as well as the participation of the respondents in cooperatives is constrained by different challenges. Lack of information is the main constraint that affects the participation of the respondents as mentioned by majority of study participants and key informants. Moreover, absence of continuous and relevant training also disappointed the cooperative members. A poor infrastructure is also another factor that hinders the participation of non-members in cooperatives and even discourages the commitment of cooperative societies.

To increase the number of participants of agricultural cooperatives, education and training program as a strategy should be designed to increase awareness about services obtained from agricultural cooperatives.

Moreover, both government and non-government should work to solve the problem of poor road in collaboration with woreda Cooperative Promotion office and the community as well

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