



MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF COOPERATIVES STUDIES

**THE ROLE OF MULTIPURPOSE COOPERTAIIVES IN SOCIAL AND
ECONOMIC EMPOWERMENT, In GAMBELA Town, ETHIOPIA**

By

Koang Koang Kuch

Submitted in Partial Fulfillment of the Requirements for the

Master of Art Degree

In

Cooperative Marketing

Advisor: Dr. Abadi Teklehaimanot

May, 2013

Mekelle

Ethiopia

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A Thesis

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DECLARATION

This is to certify that this thesis entitled “**The role of multipurpose cooperatives in social and economic empowerment, Gambella Town, Ethiopia.**” Submitted in partial fulfillment of the requirements for the award of the degree of M.A in Cooperative Marketing, to the College of Business and Economic, Mekelle University. Department of Cooperatives, done by Mr. Koang Koang Kuch, I.D. No CBE/PR069/03 is a reliable work carried out by him under my guidance. The material embodied in this thesis work is the best of my knowledge and belief all sources of material used for the study ensure appropriately acknowledged.

Name of student: Koang Koang Kuch. Signature _____ Date _____

Name of the Advisor: Dr. Abadi Teklehaimanot Signature _____ Date _____

BIOGRAPHY

The author was born in 1979 in Gambella Regional State, South Western part of Ethiopia, at Nuer Zone, Jeckow Town, the birth place of his father Koang Kuch and mother Nyayiech Them. He attended his Elementary and Secondary School in Itang primary school, and he completed preparatory at Gambella Secondary School in 2004 to 2005 respectively.

After completing his preparatory, he joined Haramaya University for under graduate degree with the regular program in the field of Cooperative Business Management in 2005/2006 and he graduate in 2008, after employed as a Regional Cooperatives Auditor and Inspector, for two year services, he joined the post Graduate at Mekelle University in 2010/2011 Academic year to learn his Master in the field of Cooperative Marketing.

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ACKNOWLEDGEMENT

First and foremost I would like to thank my thesis advisor **Dr. Abadi Teklehaimanot (PhD)**, for the guidance positive comment and consistent interest in my thesis during the times. Our numerous discussions and his many constructive comments have greatly improved this thesis

work. He is also thanked for letting me use his essential documents and my deepest appreciations also goes to him for his constructive support both financially and mentally backing me not to miss this opportunity. I also owe my deepest gratitude to our Heavenly Father God who care for me when crossing many borders, rivers and the dark forest which I was never seen and complete this program, It is a pleasure to thank the Cooperative Department. I am also indebted to many people in Mekelle, in and outside of the University who made my stay in Mekelle a very pleasant one. The Full bright **Didumo Adar Okach** and **Chuol Kun Lual** are acknowledged for their kind financial assistance, which in part funded my stay in Mekelle. Last but not least I would like to acknowledge my honest appreciation and gratitude to **Nyayiech Them** (mother) and my little sister **Nyachay Koang Kuch** for their large motivation and backing for various assistance during my thesis work.

ACRONYMS

ACE Agricultural Cooperatives in Ethiopia

CSA	Central Statistical Agency
ETB	Ethiopian Birrs
FCA	Federal Cooperative Agency
GPNRS	Gambella People's Regional State
HH	House Hold
ICA	International Cooperative Alliance
ILO	International Labor Organization
MoARD	Ministry of Agriculture and Rural Development
MoFED	Ministry of Finance and Economic Development
MDGs	Millennium Development Goals (
SACCO	Saving and Credit Cooperatives
SPSS	Statistical Package for Social Science
SNNPRS	Southern Nation and Nationality of the people of Regional State
MPCs	Multipurpose Cooperative society
NGOS	Non-Governmental Organizations
UNICEF	United Nation Children Fund
USAID	United States Aid for International Development
USD	United State Dollar

Abstract

The study was conducted in Gambella town South Western part of Ethiopia with the objectives:

(1) Assessment of the role of multipurpose cooperatives in social and economic empowerment. (2) To study the status of multipurpose cooperatives and its contribution to the socio-economic empowerment of their members. (3) And to introduces some useful concepts from the background, result and discussion of the study: The performance of multipurpose primary cooperatives, know-how about benefit of the MPCs and the members' participation which indicate interpersonal relationship between the members and non-members who are the users of MPCs and participative behavior in its governance. It investigates the policies that the multipurpose cooperatives used regarding the socio-economic empowerment of their members and non-members. The results showed that there is poor administration which had prevented the effectives facilitating of the role of multipurpose cooperative to bring change on the economic empowerment to the members, non-members and their participation in the governance of multipurpose cooperatives. It also observed the perceptive or affective natures of members and non-members expectation which could lead them to the success of their economic empowerment.

The study was designed to assess the role of multipurpose cooperatives in social and economic empowerment, the social and economic role of cooperatives is ensured through voicing of common goals via cooperative that there was a transformation of the socio-economic empowerment through making many development activities by providing credit services to the members and non-members who get services from cooperatives. Multipurpose primary cooperatives were consider that they have enough capital to make a positive activities to change members and non-members socio economic, the sample size that was selected are 98 members and 89 non-members from ten multipurpose cooperatives in the study area, the interviewees provided many answer a necessary information that prevent their marketing service or activities. 'The factors that hind the development of multipurpose cooperatives which prevent an economic growth of members and non-members, it was identifies by both side, therefore, the government interference and lack of capital and other issues, three basic weaknesses are, economic feasibility of the major activities must be accepted, this was due to the problems from cooperative leadership and management capacity, and the lack of democratic control by the members. As indicated that one major cause of this has been outside interference and control the activities of the multipurpose cooperatives society. A weak objectivity dishonorable of important of benefit

of the multipurpose cooperatives is one fundamental problem that has threatened their feasibility and development potential. the study also show many problem such as, Lack of good security in the area, tribalism and political interference, lack of awareness, low participation of members to the management system are the main factor that hinder the development of the cooperatives, moreover, regional government should carry out awareness and provides loans to all multipurpose cooperatives, as a system of cost reduction, and to re-organized all failures of multipurpose cooperatives societies in the way how the cooperatives principles are follows.

CHAPTER 1. INTRODUCTION

1.1 Background

The concept of human cooperation is not new; it existed even before the formation of modern cooperation. The performance of multipurpose cooperatives in attainment of economic and social empowerment in Gambella town was effectively understood by the members of the cooperatives. It was poor people who originally invented cooperatives as a form of economic association that would help them climb out of social and economic problems. The history of cooperatives is full of evidence of their ability to increase their members' incomes, decrease the risks they run, and enable them to become full participants in civic society. Cooperative associations have existed in Ethiopian society for centuries. However, the history of formal cooperatives in Ethiopia dated back to 1960, when the first cooperatives' directive was enacted. Since this time cooperative policy and law has undertaken many reforms and cooperatives have come to play a crucial role in economic and social empowerment. For instance, the cooperative sector created approximately 82,074 jobs and provided over half a billion Ethiopian Birr in income from this employment in 2007(Negarit Gazeta, (1998). (The Federal Democratic Republic of Ethiopia. Cooperative Societies). The participation of cooperatives in agro processing, marketing and (saving, credit and banking) is increasing. The social role of cooperatives is ensured through voicing of common goals via cooperative unions, enhanced participation in value chains and protection of producers from unfair pricing. However, the functioning and development of multipurpose cooperatives and their support institutions is constrained by frequent reform, shortage of skilled human resources and limited awareness of cooperative approaches to development cooperatives is an association of people having the common objectives of mobilizing resources, especially finance, and distributing it to members on rotating basis.

Therefore, in Gambella, modern co-operative societies were introduced after the formation of the first Proclamation No.241/ 1988. It was inspected that there were cooperatives before the legislation was enacted. However, under the above-mentioned proclamation, there were 4 fisheries cooperatives in the then Abobo and Itang with 297 members and a capital of 17.600 Birr (Haile Selassie, 2003). To initiatives for labor resource mobilization that was to overcome seasonal labor peaks, known as "Jigie", "Wonfel", among others. There also was the Funeral cooperative, which was an association for provision of social and economic insurance for the

members in the events of death, accident, damages to property, among others. These informal associations continue to operate through all Ethiopia. The modern cooperative systems implement several activities about the socio-economic empowerment to the members and non-members of the multipurpose primary cooperatives. Therefore, during the modern times cooperatives were formed to assist in the implementation of the economic and social empowerment of the society ownership of properties. Under the study, it was multipurpose cooperatives which were form to operate in line was applied many activities, which meant that production and marketing of produce were undertaken through collective mechanisms and the study was conduct at Gambella town focused on the role of multipurpose cooperatives in attainment of economic and social empowerment. To have membership from the cooperative are more benefit. Currently, cooperatives are recognized as an important instrument for socio-economic improvement of the community. Therefore, cooperatives were organized by the poor members for their economic association that would help them climb out of poverty. A cooperative is full of evidence of their ability to increase their members' incomes, decrease the risks they run, and enable them to become full participants in civic society. The equitable return of economic surpluses and a desire to share these benefits with other people in similar circumstances was understand by all members. However, in the developed region, they have had a developmental issue to grow and to rely more on professional management, which has meant their being separated from their fellows' members and becoming more like conventional businesses minds. In Gambella town, cooperatives have often been used as tools of economic and social development by the regional governments that have not allowed them to become fully autonomous, member-owned businesses.

1.2 Statement of the problem

The poor peoples in Ethiopia have used to earn very least income; this is particularly importance problem in the region. Therefore, members of the cooperatives have no enough capital to expand their marketing services to the community, due to these difficulties, regional government was not struggle to provide cooperatives with credit in order to transform social and economic issue face by the community. The performance of multipurpose primary cooperatives was not fully improve for the economic and social empowerment in Gambella town, it was very weak due to lack of enough capital and ignorance of the regional government, the regions was dominated by agricultural so the members can cultivate their small farms, but the regional government can use some system to lower production cost but these services especially multipurpose service, have not yet solved their socio economic problem as expected by them. Cooperative could not apply credit service to their member especially non-member and the members who contribute their share to the cooperatives this is a significant problem. These Multipurpose cooperatives engage in different agricultural, artisans, and consumer enterprises with least understanding of their works, and with limited marketable surplus. Therefore, the multipurpose cooperatives scattered produce in small quantity needs and not enough collected, then graded, and transported their product from one market zonal level to another. Thus, the marketing and distribution system is characterized with a short chain with few intermediaries. The participation of the People in multipurpose cooperative organization is very low because of different reasons social and economic influences.

Therefore the study was focused that there was a change of the socio-economic empowerment through making many development activities by providing credit services to the members and non-members who get services from cooperatives. As we understand that Cooperatives are considered as an appropriate tools for socio-economic to their members and non-members, because of realizing the positive role by performing members' participation and management of accountability to all members. The study indicated various disadvantages of multipurpose cooperatives that changes would never come to the socio-economic of the members and non-members in Gambella town and that we consider it those changes may come through working together. And to evaluates the role and the advantage of multipurpose cooperative to their

members, multipurpose cooperatives are considered as an appropriate tool for the rural development and also facing critical problems when ever government does not keep credit service provision and other upgrading of their business effectively, which retain them from their positive role. Some of the risks of multipurpose primary cooperatives are: low institutional capacity, inadequate qualified personnel, lack of entrepreneurship skill, lack of financial resources, lack of market information, low members' participation in the different activities such as financing the cooperative, patronizing the business activities of the multipurpose primary cooperatives, control and supports it. And the prices of different products are increasing from year to year and customers are applied some complaint on it. These many-sided problems make very difficult the overall activities of the cooperatives in general and the agricultural input and output marketing in particular. The above-mentioned problems place the customers as usual, due to the fact that they have poor marketing skill and limited bargaining power. There must be an effort made by the regional government to improve the marketing skill and bargaining power of customers through establishment of cooperatives and promoting members group action approaches. The study was focused of multipurpose cooperatives in social and economic empowerment

1.3 Research question

2. What are the significance roles of multipurpose cooperatives in socio-economic empowerment of people?
3. What is the incident of socio-economic development regarding to the members and non-members?
4. What socio economic alternatives benefit of cooperatives do members and non-members have?
5. What are the policies that the multipurpose cooperatives used regarding the socio-economic empowerment of their members and non-members?

1.4 Research Objectives

1.4.1 General objective

The general objective of the study is to examine the role of multipurpose primary cooperatives in attainment of economic and social empowerment at Gambella town.

1.4.2 Specific objectives

The specific objectives are:

- To analyze the contributions of cooperatives to the socio-economic development to the society.
- To study the status of multipurpose cooperatives and its contribution to the socio-economic empowerment of their members.
- To explore the existing practices of cooperative principles by cooperative members.
- To suggest strategies for achievement of socio-economic empowerment of their members.

1.5. Scope and limitation of the study

The study is restricted both in space and time. Its scope was limit to the role of multipurpose cooperatives with special emphasis to the socio-economic empowerment to their members and non-members. it was also focusing on the types of services providing by multipurpose cooperatives to their members and non-members,. Geographically the study was concentrate at Gambella town with only primary multipurpose cooperatives society which the researcher selects. Due to lack of financial/budget, time limitation, accessibility, human and related resources constraint. Total coverage of the entire population is not practically was select it also not necessary because of limited resources in term of time and other facilities. Sampling allows the researcher to study relatively manageable number of unit representing the half of population through random base, not all the population that was conducts study. A sample of ten (10) multipurpose primary cooperatives was randomly selected from Gambella town. The study was only deal with the analysis of social and empowerment advantages drawn from cooperatives by

taking the sample from Gambella town and this may not represent the whole cooperatives of the region. This hinders generalization about social and empowerment advantages drawn from multipurpose cooperatives in Gambella town. Lack of detail information from the cooperatives was the main limitation of the study. Furthermore, the study is limited to one specific area due to time and mostly financial constraint and the validity of certain data collected from the cooperative societies and respondents may not be such completely perfect. Even though, the result represents the conditions in Gambella town, the results cannot be generalized to the whole part of the region. However, the researcher recommendations was not applied in other areas even though they having similar socio-economic characteristics.

1.6 Significance of the study

This study was focused to assess the role of multipurpose cooperatives and their contribution of attainment of economic and social empowerment, it also briefly assess the achievement of multipurpose cooperatives in term of economic status to their members. The study was intending to investigate the crucial role and their outcome in order to bring changes through economic and social empowerment and efficiency of services providing to their members for the livelihood sustainable in this study. This study was conducted on the assumption that there are different social and empowerment advantages tense from multipurpose cooperatives. Accordingly, the results of the study were significant make by researcher and providing basic information about the social and empowerment advantages of cooperatives. This study may also use as a base for further investigation by other researchers about social and empowerment advantages of multipurpose cooperatives.

CHAPTER TWO

2. REVIEW OF THE LITERATURE

The relevant literature suitable to the definition and the concept of multipurpose cooperatives, and its achievement of social and economic empowerment and empirical studies are presented in this chapter.

2.1 Concept of multipurpose Cooperatives

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the many years back, cooperative enterprises have successfully operated locally owned people centered businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) by 2015. The current financial crisis characterized by the massive public bail-out of private, investor-owned banks worldwide has underlined the virtues of a customer-owned cooperative banking system. Cooperative banks in the form of credit unions, building societies and cooperative banks, by focusing primarily on the needs of their members, have displayed prudence and avoided the excessive risk-taking that plagued many large global financial institutions. As cooperative banks continue to operate and provide loans to their clients and enjoy the trust and confidence of their members and depositors, they play an even more critical role as consumers and businesses face a credit crunch.

There are some 49,000 credit unions serving 177 million members in 96 countries (Sam Maghimbi, CoopAFRICA Working Paper No.14, (2009), under the umbrella of the World Council of Credit Unions that continue to operate despite the current financial crisis. Even the larger cooperative banks, such as Rabo bank which is the largest agricultural bank in the world, continue to demonstrate the value of the cooperative banking model. The cooperative enterprise

is also relevant in addressing the problem of economic and social. The World Bank estimates that food demand will double by 2030 as the world's population increases by another two billion people. There is an urgent need for developing countries to increase the output of food yet, as the World Bank's 2008 World Development Report on Agriculture for Development has shown; the rural economy has been badly neglected. One solution is to encourage farmers to mobilize collectively in agricultural and marketing cooperatives that engage in the production, processing and marketing of agricultural products and gives them access to markets. Farmer cooperatives are growing in most developing countries Ellen Kebede and F.Schreiner, (1996).

For example, India's 100,000 dairy cooperatives collect 16.5 million liters of milk from 12 million farmer members every day, making a significant contribution to India's food supply. Nevertheless, farmer cooperatives have yet to reach their full potential as they address their requirements for financing and technical support. Cooperatives can contribute to the achievement of the MDGs by 2015 because of their inherent characteristics. Because cooperatives are economic associations, they provide the opportunity for poor people to raise their incomes. Because they are democracies with each member having one vote, they empower people to own their own solutions, and because they pool risks at the level of the enterprise and offer micro-insurance they increase security. In addition, there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several of the other MDGs, such as primary education for children, gender equality and reducing child mortality. The cooperative enterprise also presents an important model as many of the world's poorest and disadvantaged faces social exclusion, lack of access to opportunities and growing economic inequality. As the uneven effects of globalization have led to a rise in the unregulated informal economy, workers in the informal sector have formed shared service cooperatives and associations to assist in their self-employment. In rural areas, savings and credit cooperatives provide access to banking services which are lacking in many communities. Credit cooperatives also play an important role in the formation of small and micro businesses. They can affect the kind of financial 'deepening' that the World Bank envisages, as they consistently reach the poor in a sustainable way. (Lemma, 2009)

2.1.2 Definition of multipurpose cooperatives

The Statement of Identity defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." While intentionally crafted as a minimal statement which could embrace the vast array of cooperative organizations throughout the world, the statement emphasizes some important characteristics of cooperative enterprise. (FCA) (2008c). According to the International Cooperative Alliance (ICA) 1995; "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." The multipurpose co-operative society has large number of functions to discharge. As the name indicates its responsibility for different purpose for which it has been set up. It can work for arranging credit, improved seeds, agricultural implements, fertilizers, sanitation, health etc. for its members. Normally it discharges the following functions.

2.2. The Cooperative movement in Ethiopia and its role on socio-economic empowerment.

People form cooperatives to do something better than they could do by themselves or through a non-cooperative form of business acting together, members can develop bargaining power or enjoy the benefits of large business like more efficient use of equipment and the ability to spread fixed costs such as management costs over a larger volume of goods and services. These benefits are known as economies of size. To form cooperatives people should have an economic need which can be addressed through the cooperative type of business. Some of the specific needs are expanding in existing markets or developing new markets beyond your own bargaining power or supply potential. A free market economy posed many challenges, particularly for smallholder farmers and youth entrepreneurs that have limited bargaining power, skills and capacity. Thus, collective efforts through cooperative organization have been chosen by many disadvantaged groups as a means for accessing the benefits associated with a liberalized market system. As a result, different types of cooperatives have been formed to meet different objectives over the years. Though there is a dearth of uneven time runs in the country. Cooperative development in Ethiopia, available which indicates the number of registered cooperatives in Ethiopia has generally increased overtime. There are also several non-registered groups or associations that provide functions similar to the cooperative model. For instance, microenterprise groups and associations are steadily increasing, especially in urban areas. Chalchissa (2000) found that in

1974 there were approximately 149 cooperatives, including. Multipurpose cooperatives. (94), SACCOs. (19), Consumers' cooperatives (19) Handicraft cooperatives. (17). the number of cooperatives significantly increased during the Derg regime (1974-1991), with approximately 10,524 primary cooperatives having 4,529,259 members recorded. Cooperative organization was highly political during this time and many cooperatives were dismantled following the downfall of the Derg regime Cooperatives become a path to socio-economic and social empowerment in Ethiopia in 1991. According to the FCA and estimates made by Lemma (2009), the number of cooperatives in Ethiopia declined from 10,524 during the Derg regime to 7,366 cooperatives in 1991. Policy support for cooperatives provided by the current government has seen the number of cooperatives start to increase again and raising the total number of cooperatives to 14,081, with a membership of 4.23 million. The interest of the people to join cooperatives continued to increase steadily, with 5,066 new cooperatives established in 2006. This made the total number of primary cooperatives rise to 19,147 and the capital base of cooperatives expand to ETB 1.475 billion (USD 147.94 million) (FCA 2007a). The numbers of primary cooperatives further increased from 19,147 in 2006 to 24,167 in 2007. Approximately 18 per cent of members are female (Techane, 2006).

2.2.1 The Role of Cooperatives in Rural Socio-Economic Development

Cooperatives can effectively create and maintain employment (both direct/ salaried/ employment, and self-employment) in both urban and rural areas of the world. They can provide self-employment through millions of worker-owned production and service delivery activities (producer cooperatives); by promoting resource mobilizing and saving for productive investment as in the case of (financial cooperatives); and provision of affordable goods and services, and thereby enable the community to save a proportion of their income for investment (consumer cooperatives). Similarly, user-owned cooperatives such as housing, utility, health, and social care cooperatives provide affordable access to basic services and help them to get access to various self-employment opportunities. The primary objective of every Cooperative is to provide goods and services to its members and thus enable them to attain increased income and savings, investments, productivity and purchasing power and promote among them equitable distribution of net surplus through maximum utilization of economies of scale, cost-sharing and risk-sharing

without however, conducting the affairs of the cooperative for eleemosynary or charitable purposes. (world resources institute,1992)

On the other hand, cooperatives can create enormous direct or salaried employment opportunities by engaging themselves in various sectors of the economy such as production, marketing, processing and so on. According to ILO (2001), in a number of African countries and some other countries around the world, cooperatives are said to be the second largest employer surpassed only by the government. The practical employment data of many countries around the world seems to justify this theoretical foundation. For instance, the data on self-employment and direct employment indicated by Committee for the Promotion of Agricultural Cooperatives (COPAC) for some African countries shows that there were 220,713, and 58,468 self-employment and direct employment respectively in South Africa in 1997; while the 1996 corresponding figure for self-employment and direct employment were 91,035 and 3,235 in Ghana; 27,792 and 42,709 in Morocco; 32,168 and 8,455 in Uganda; and 23,424 and 494 in Zimbabwe respectively (Woldu, 2007:38).

Cooperative form of enterprises can assure any group of individuals an effective means to combine their resource, however small they are (COPAC 2000:17). By doing so, they permit a large resource mobilization than what could be possible within the capacity of most individuals and small enterprises, and can serve as a catalyst for local entrepreneurial growth; retain the capital mobilized by the communities within the communities and the surplus derived from outside transactions, both of which are very crucial in bringing further development to give local area. Moreover, cooperatives have the greatest direct economic impact at the micro level in creating additional income for their members. They achieve this by securing higher prices for members' products lowering input costs for members, by creating employment opportunities and by introducing technological innovations. Besides, they can provide consumable goods, deliver education, housing and other socio-economic service as lower price, and thereby help the local community save their income for further members' products lowering input costs for members, by creating employment opportunities and by introducing technological innovations. Besides, they can provide consumable goods, deliver education, housing and other socio-economic service as lower price, and thereby help the local community save their income for further investment (ILO, 2001:16; COPAC, 2000:).

2.3 Informal cooperatives

Panel (2001) as cited by Haile Selassie (2003) remarks that traditional (informal) forms of cooperatives have existed for many centuries in many parts of the world and in many cases continue to the present time. These traditional cooperatives practices are often deeply rooted in the local cultures. Typical examples include: systems of work sharing (e.g. at harvest time), irrigation water sharing arrangements, rotating saving and loan clubs, burial societies, construction, agricultural activities. Norman Uphoff (as cited by the voice of Lemma (2009) Idir, defines indigenous organizations as complex of norms and behaviors that persist over time by serving socially valued purpose, while indigenous organizations are structures of recognized and accepted roles. They are local level institutions with an organizational base that are indigenous. In Ethiopia, there are indigenous organizations which exist in diverse forms in different cultural, religious and socio-economic contexts.

The first organizations in Ethiopia were self-help systems. They existed in the country for centuries before they started to develop some sort of structure. A certain amount of informal co-operation between farms is described mostly involved in lending or borrowing of farm implements, working for a neighbor or lending a hand for special jobs (labor mobilization in agriculture, construction), livestock sharing, saving and credit (in monetary or in material form such as oxen). The spirit of self-help and co-operation has long been a part of the farming community in Ethiopia. There have been mutual organizations in urban areas, too. When communities face problems, they devise ways of addressing these problems based on their values, culture and beliefs. In Ethiopia, various self-help co-operatives still exist. They are very common across different cultures, but different names are given in different languages. In fact, their objective and functions are almost similar. Among the many others, some of the common ones are mentioned as follows: “Debo”. It refers to mutual assistance in farming and house building. This mobilizes community labor in the form of work groups. It is also known in Tigray Region under the name of “Wefera”. This happens when one farmer needs his friends, neighbor or relative to help him work in his farm either in plough, weeding, threshing, etc. or to construct his house. This informal co-operative does not have permanent members. “Mahber”. It is an association for mutual aid based on attachment to religion. It provides members with spiritual satisfaction as they fulfill religious functions, and enables members to get together and develop social interaction among the members. It also supports members in difficulty (Woldu, 2007:37).

“Idir” is a society for mutual help and burial. It is established by the mutual agreement of community members to collaborate each other whenever any member or their family members face adverse situations. Unlike others, it has diverse functions and benefits to its members. For instance, it provides financial, material, labor and psychological support at the time of mourning. Furthermore, some of them have been involving in infrastructure development and provision of social services such as schools and health services, and some are engaged in income generating activities such as consumer goods shop, renting halls and equipment. These diversified functions mainly prevail in urban areas.

“Iqub” is a rotating credit association. It promotes saving habits among members and provides credit to members. It is rare in the rural areas. Some of the characteristics of self-help organizations (informal co-operatives) include promotion of mutual benefits, more or less democratic and egalitarian structure, voluntary formation, organization leadership, more or less transparent decision making and flexibility of rules and operational modalities (Redie and Hinrichsen, 2002, as cited by Haile Selassie,2003). Furthermore, they show that voluntary associations complement the formal sector by providing spiritual, social and economic services at significantly reduced transaction costs. Above all, informal co-operatives adjust themselves to the changing circumstances. For instance, many Idir develop ‘hybrids’ like “Idir, Iqub” to provide saving and credit services in addition to their primary service i.e. consolation and burial service.

2.3.1 Formal Co-operatives

Ethiopia has introduced modern types of co-operatives in various areas of endeavor later than the majority of Eastern African countries where their co-operatives were established by the Western powers during their colonization period. In fact, the first consumer co-operative was established in Addis Ababa in 1945 (ILO, 1975). However, it was after decree No. 44 of 1960 that modern or ‘imported’ co-operatives were officially introduced (Haile Selassie, 2003).

It was during the imperial government of Ethiopia that the first decree No. 44/ 1960 was declared in order to form the modern “Farm Workers Co-operatives”. This co-operative legislation was organized to provide service in order to perform three years services than the creation of the Ministry of National Community and the development in January 1957 in order to achieve the objectives of the following Departments: Community Department, Co-operative, Social Welfare

and Labor, (Alemayehu, cited in Redie and Hinrichsen, 2002). The decree No 44/1960 was replaced by “Co-operative Society Proclamation No. 241 of 1966”. The main objective of this proclamation was improving the standard of living of the farmers, better business performance and improving methods of production. In reality, this proclamation benefited the wealthy commercial farmers who resided in the most potential areas. The cooperatives were not easily accessible to the ordinary and poor peasants. Despite its limitations, Alemayehu (2002) describes that proclamation No. 241/1966 created a favorable situation for the expansion and development of co-operatives in Ethiopia. At the end of the Third Five- Year development Plan, 50 agricultural co-operatives were set up with about 11, 000 members and a capital of 6 million Birr (Haile Selassie 2003).

McCarthy (2001) recognizes that the co-operative society proclamation formed the legal corner stone for the promotion of modern agricultural co-operatives; however, to shows the formation of co-operatives in this period was slow and their performance was weak; until the revolution of the 1974, only 165 agricultural co-operatives with a total membership of 33, 400 were established. And states that the first Ethiopian co-operatives faced serious obstacles in the land tenure system, banks’ collateral requirements, inadequate trained manpower, lack of access to market facilities, absence of membership training programme and inadequate agricultural services. Since 1974, the Ethiopian Revolution erupted and the military regime (known as the Derge) came into power. After a while, the Derge enacted Proclamation No. 71 of 1975 to nationalize all land, which provided for the formation of Peasant Association, Agricultural Producer Co-operatives and Agricultural Service Co-operatives. In 1978, “Co-operative Societies Proclamation No. 138/1978 replaced the proclamation of 1966. The crisis of co-operative identity began at the time when the Derge abolished all co-operatives except the housing and saving and credit co-operatives which were organized under Proclamation 241/1966. The co-operatives were not autonomous organizations, but had purely political character. This was clearly reflected in the proclamation of 137/1978 Article 3.5 i.e. “Co-operative shall be organized to conduct political agitation”. Besides, Article 3.6 says: “Co-operative is organized to participate in the building of the socialist economy.” ILO (1997 as cited by Haile Selassie, 2003) clearly states that many co-operatives in Africa are not (were not until recently) “genuine”, because they served the state, a political party or individuals instead of their members. When the state ‘incorporates’ co-operatives, they can become instruments of

oppression instead of participation. An example (though now dissolved) is the peasants' associations of Ethiopia, which forced farmers into collective production against their willingness (McCarthy, 2001).

Therefore, the proclamation was enacted on the basis of socialist ideology. They were considered as the extension of state institutions, and almost all lost their co-operative identity. By 1990, there were 3,723 agricultural producer co-operatives with 302,653 members, and 4,052 agricultural service co-operatives with 4.5 million members and combined assets of more than 422 million Birr. In general, co-operatives in the Derge were characterized by corruption and mismanagement, and served as a vehicle for the government mass collectivization policy as well as a forced recruiting ground for fighting for Mengistu's escalating internal conflicts (McCarthy, 2001). Forced by the internal instability and economic crisis along with the world economic situation, the Derge declared the "mixed economy policy" in 1990. This gave an opportunity to the cooperative members to decide on their future. As they were organized without their will and interest, the majority of co-operatives collapsed. Due to unnecessary government interference and compulsion on membership and leadership, people, throughout the country, have developed a negative view about the co-operative movement and reduced their age-old self-help tradition. At this time, the institutional suspicion mentality is widely reflected in the existing co-operative members. In 1991, the old military regime was defeated in the civil war. The new government embarked on major political and economic reforms.

The new constitution provided for decentralization in which substantial political, economic, and social policy power has been devolved to the nine regions and two city council administrations. By abolishing the more centralized economic policy and planning, the new market liberalization policy, which is democratic and decentralized policy, launched the formation of new "Agricultural Co-operative Societies Proclamation No. 85/1994". This proclamation restricts the government from negative interference in the internal affairs of co-operatives and initiates the organization of free, autonomous and independent cooperatives. For establishment of different types of co-operatives in the country, "Co-operative Societies Proclamation No. 147/1998" replaced the proclamation No. 85 / 1994. This proclamation shall in particular include the following: Agricultural, Consumer, Housing, Industrial and Artisan Producers', saving and Credit, Fishing and Mining Co-operative Societies. Under this proclamation, co-operatives are

organized to solve problems collectively, to achieve a better result by coordinating their knowledge, wealth and labour to promote self-reliance, to improve the living standard of members and so on. The Ethiopian government is trying to promote co-operatives with the objectives of developing them into autonomous self-help institutions. This was the main reason for setting up the Cooperative Promotion Department in Prime Minister's office, Co-operative Promotion Bureaus in regions and in line administrative units (zones and woredas) and later Co-operative Commission at federal level. In the proclamation No. 147 of 1998, the autonomy of co-operatives is clearly stated. The role of the government is limited and only focused on offering guidance and supervision, registration, cancellation and capacity building. In accordance to the new proclamation, new co-operatives have been established and cooperatives in the past equally get an opportunity to reorganize them. In the Ethiopian cooperative movement, it is observed that co-operatives disappeared with the change of the government. They had exactly the life of the government. They existed as long as the government was in power. However, in the new government, this problem has come into an end. This is demonstrated by the fact that some co-operatives from the Derge era are able to exist at present. The favorable condition created by proclamation No. 147/ 1998 has helped the co-operatives to organize and reorganize themselves voluntarily. In the year 2001, for instance, there were 7,366 different types of co-operatives in the country with 3,684,112 members and with a capital of 515.7 million Birr (FCC Report, as cited by Haile Selassie, 2003). Furthermore, the new proclamation has helped the co-operatives to organize themselves into unions by pooling their resources together. As a result, 22 grain marketing unions, and 2 coffee marketing unions have been established in Amhara, Tigray, Oromia and Southern Regions. (McCarthy, 2001)

2.3.2 The Role of MPCs in Socio-economic empowerment.

The role of Cooperatives in Socio-economic empowerment are based on the community benefits, as a root in democracy governance of the cooperative it selves, flexible, and have participatory involvement, which makes them well suited for Socio-economic development (Gentler, 2001). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organization as a tool for economic change. Cooperatives play pivotal role due to poverty reduction throughout worldwide and facilitating job creation for economic growth and socio-economic development (Gibson, 2005).

Cooperatives are viewed as important tools for improving the living standards and working conditions of both members and non-members. Since the users of the services they provide are also the controllers. Cooperatives make decisions that balance the need for profitability with the welfare of their members and the non-members which they gave services. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection. Hence, cooperatives accord members opportunity, protection and empowerment essential elements in uplifting them from degradation and poverty (Soma via, 2002).

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient. In a number of ways, cooperatives play important role in global and national socio-economic development. With regard to socio-economic development, cooperatives promote the “fullest participation of all people” and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion. Thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Levin, 2002).

In addition to the direct benefits they provide to members, cooperatives strengthen the communities in which they operate. According to Soma via (2002) cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation. Many cooperatives provide jobs and pay local taxes because they operate in specific geographical regions. According to Wikipedia (2006) and Levin (2002) it is estimated that cooperatives employ more than 100 million men and women worldwide. In Ethiopia, cooperatives can provide locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. They can provide their employees with the opportunities to upgrade their skills through workshops and courses and offer youth in their base communities short and long-term employment positions. Students could also be employed on casual-appointment basis during long vacations. Through these, cooperatives will contribute to Socio-economic development (McCarthy, 2001).

2.4 Principles of the cooperatives

Principles are guidelines for how to put ideals and values into practice. They rest on a distinct philosophy and view of society that helps us judge our accomplishments and make decisions. If successful, principles are incorporated into the organizational culture of the cooperative, they are the broad vision statement for cooperatives and cooperators individually and collectively. Shared and actualized principles allow cooperatives to be distinguished from other forms of organization. As ICA puts it, "principles are not a stale list to be reviewed periodically and ritualistically; they are empowering frameworks through which cooperatives can grasp the future. 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. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others. All over the world, cooperatives generally operate using these seven principles as guidelines by which they put their values into practice (Henehan, 1997).

Voluntary and open membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. Democratic member control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving a selected representative are accountable to the membership. In primary cooperatives, members have equal voting rights one member, one vote and cooperatives at other levels are also organized in a democratic manner. Member economic participation members contribute equally to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other

activities approved by the membership. Autonomy and independence: Cooperatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. Education, training and information Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public particularly young people and opinion leaders about the nature and benefits of cooperation. (Tesfaye (1990)

Cooperation among cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. Concern for community while focusing on member needs, cooperatives must work for the sustainable development of their communities through policies accepted by their members. The International Cooperative Alliance can be found online at (www.ica.coop)

2.4.1 Cooperative Situation in economic Empowerment

The Ethiopian cooperative movement has rapidly expanded in the last fifteen years. According to the Federal Cooperative Agency, about 14,423 cooperatives were registered by 2005. Cooperatives exist in various economic sectors and have a larger presence in the service, agriculture and industry sectors. About 80% of the primary cooperatives operate in the service sector, mainly dominated by housing (35%), multipurpose (32%) and savings and credit cooperatives (31%). In the agriculture sector, primary cooperatives, representing about 6%, are involved in grain, coffee, vegetable, dairy, fish, irrigation and honey production. In the industry sector, cooperatives mainly exist in handicraft production and marketing. The number of cooperatives in Ethiopia, as well as the size of membership, indicates that the large majority of the population and areas have not been able to explore and utilize the potential services of cooperatives, the agricultural sector represents a source of livelihood for about 85% of the total population in the country; however, only 8% of the potential rural population belongs to a cooperative. (Gyllstrom 1998).

The cooperative movement in Ethiopia is also characterized by the formation of cooperative unions as a new phenomenon: the first agricultural union was established in 1997. Currently

there are 104 unions that bring together about 13% of the primary cooperatives in the country and 91% of these cooperative unions are in agriculture. Another significant figure shows the dynamism of the Ethiopian cooperative movement, with a 100% increase in the number of unions in 2005. The cooperative movement in Ethiopia is expanding rapidly, creating opportunities for different sectors to have lasting impacts on improving the lives of the poor and vulnerable, Cooperative seeks ways to support the movement through technical and financial support thereby promoting all key objectives of the Cooperatives programme and Establishing an enabling legal and policy environment; enhancing access to support services through Centers of Competence; promoting effective co-coordinating structures; and strengthening the cooperative movement through a Challenge Fund mechanism Hertig, M and Elena, C. (2008).

2.4.2 Cooperative Values

Traditionally, the cooperative movement has had deep ties to the wide array of the world's religions and ideologies. It has consciously and continuously explored its own belief system and attempted to identify those personal ethics and social ideas, if any; those are shared by cooperators and motivate our future actions. The 1995 Statement articulates the best in our belief system, the ideals of personal and social conduct to which we aspire. In its background paper on the Statement of Identity, the ICA explains, "Any discussion of values within cooperatives must inevitably involve deeply-felt concerns about appropriate ethical behavior. Achieving a consensus on the essential cooperatives values [within a rich array of belief systems among ICA members] is a complex but rewarding task." Basic cooperative values are general norms that cooperators, cooperative leaders and cooperative staff should share, and which should determine their way of thinking and acting. They are our statement of what we think is the right thing to do. Based on a book written by Sven Ake Böök for the 1992 ICA conference, Cooperative Values in a Changing World, the discussion assumed every generation recreates and refines its basic values so that they are inspirational to contemporary society. It is in our statement of values that we engage the hearts, conscience and loyalty of cooperative members. The first sentence of the values statement addresses our convictions about how to achieve a better society and what form that society should take. The values include: Self-help: People have the will and the capability to improve their destiny peacefully through joint action which can be more powerful than

individual effort, particularly through collective action in the market. **Democracy:** Members have the right to participate, to be informed, to be heard and to be involved in making decisions. Members are the source of all authority in the cooperative. "The basic unit of the cooperative is the member. This basis in human personality is one of the main features distinguishing a cooperative from firms controlled primarily in the interests of capital." ICA Background Paper; **Equality:** Equal rights and opportunities for people to participate democratically will improve the use of society's resources and foster mutuality, understanding and solidarity. (Ygeremeu, 1996).

Equity: Fair distribution of income and power in society and its economic life should be based on labor, not ownership of capital. Within the cooperative, rewards for active membership in the cooperative will be distributed equitably, be it through patronage dividends, allocations to capital reserves, increases in services or reductions in charges. **Solidarity:** Cooperatives are based on the assumption that there is strength in mutual self-help and that the cooperative has a collective responsibility for the well-being of its members. Further, individual cooperatives strive to create a united cooperative movement, by working with other cooperatives to improve collective well-being. The values statement also articulates values of personal and ethical behavior that cooperators actualize in their enterprises. They describe the kind of people we strive to be and the traits we hope to encourage through cooperation. These are honesty, openness, social responsibility and caring for others. From the earliest days of the Rochdale Pioneers, cooperatives have emphasized the importance of honest dealings in the marketplace: accurate measurements, reliable quality and fair prices. Members have insisted that their enterprises have honest dealings with them. This in turn has led to honest dealings with non-members and a unique level of openness throughout the organization. Social responsibility and caring for other. the values of social responsibility and caring for others reflect concern for the health and well-being of individuals within communities and a commitment to help them help themselves. The recent international outpouring of support from all types of cooperatives for the credit union that was demolished in the Oklahoma bombing, the consumer cooperatives devastated by earthquakes in Japan and the housing cooperatives destroyed by a hurricane in the Virgin Islands are excellent examples of the cooperative movement's commitment to social responsibility. (FCA) (2008c).

2.4.3 Overview of multipurpose cooperatives.

The multipurpose cooperatives is a cooperative which engage itself with multifunctional activities, therefore, the role of this multipurpose cooperatives to attain social and economic empowerment to the members and non-members are consider as a more essential to change living standard through all the citizens of Gambella in the surrounding town, as it was mention previously, cooperative is a tool for economic change in Gambella town, but the Regional Government of Gambella does not put more effort in order to provide different service to promote cooperative activities in their business operation, the most importance role of multipurpose cooperatives to attain economic empowerment was following principles of cooperatives and get long term training or awareness creation to the members and non-members. For a long period of time cooperatives was burdened with serious weaknesses and problems. The three basic weaknesses are: the economic feasibility of the major activities undertaken, the cooperative leadership and management capacity, and the lack of democratic control by the members. As indicated earlier one major cause of this has been regional government interference and control. A weak fairness base of essentially all cooperatives is one fundamental problem that has threatened their feasibility and development potential. The dependence on directive from the government, rather than a market based trading side, on its main activity of maize, milk, fish and dairy marketing, has been a major contributing factor. This dependency and weak economic base has contributed to the low level of motivation for cooperative membership and participation among small scale farmers, and a low quality process for promoting marketing and training of both members and their leaders as the best tools for economic empowerment (Westergaard, 1970).

2.5 Cooperative Practice in Ethiopian

It was argued by some scholars that cooperatives, especially agricultural cooperatives rise to inefficiencies. For instance, based on the economic efficiency of Irish dairy cooperatives over 1961-1987, Boye (2004) investigated cooperatives give rise to inefficiencies because of lack of control and resource allocation, this associated the reason for the inefficiency, such as price inefficiency, with the fact that the Irish dairy cooperatives may pay more than their marginal product. Meanwhile, Birchall (2003) argues agricultural cooperatives play a crucial role in breaking the poverty cycle. According to the Birchall, in Bangladesh, dairy cooperatives enabled poor farmers to break out of poverty trap. In this regard, dairy cooperatives known as 'Milk Vita'

in Bangladesh was able to increase its members' earning by tenfold in 2002, just after the government withdrew and left the union to be administered by an independent board of directors and a genuine farmer owned cooperatives. It also indicated that government owned and backed cooperatives were not successful, for example, in Nepal, where after nearly forty years of government sponsored pseudo cooperatives, a new cooperative act allowed genuine cooperative movement to emerge so that the number of dairy cooperatives increased from 4 in 1991 to 661 in 1995. Form samples of 89 US grain marketing and farm supply cooperatives over 1988- 1992, Ariaranthe et al (1997) found that while most cooperatives would improve efficiency by increasing their economies of scale, the potential gains were relatively very small. They also argued that cooperatives with a more diversified output mix are more technical, scale and overall efficient compared to specialized cooperatives.

This is inconsistent with the Alemayhu's (1993) assertion on the Ethiopian case where multipurpose cooperatives have their own problems. Alemayehu argues administration of several function will be difficult and complicated where training and skills are lacking. He goes on arguing that misuse of funds will be inevitable if there is no proper book keeping or when leadership cooperates is corrupt. In Kenya, for instance, many peasants who were members of multipurpose marketing cooperatives have wasted much time waiting hours to deliver their products and collect their pay at different places. Besides marketing of exportable crops such as coffee requires careful handling to meet the international standards, which can be done by a single purpose instead of multipurpose cooperatives. The performance of agricultural cooperatives in developing countries was found to be disappointing; they did not help increase production or did not reduce poverty and inequality; they did not foster self-reliance; could not bring about structural changes; and failed to develop into viable and self-managed institutions capable of extending sustainable services to their members. In connection to this, a study by (Hussi et al (1999).

African Country pointed out cooperatives were found to be lacking business experience; had poor accounting and internal control system; they were undercapitalized, had low degree of member participation, financial problem; lack of technicality and administratively efficient management.

In Ethiopia with the predominantly peasant economy, under-developed infrastructure, very limited government policy etc. cooperatives should have been very viable options to report the problems of the societies (Ygeremeu, 2005).

Nevertheless, the some writer (1998, 1999) revealed that Ethiopians experience with viable rural organizations, such as agricultural cooperatives, has become a missed opportunity. Cooperatives, particularly agricultural cooperatives, Yigeremew argues, were created by government fiat not based on the peasants consent; they had been dominated by the government rulers and others; they were used to carryout unpopular government functions like collection of obligatory grain quota and obligatory contributions, government and party control has created corrupt and unscrupulous leadership, unaccountable and unresponsive to the demands and needs of the peasants. Similarly Befkadu and Tesfaye (1990) identified that after 1975 land reform, most of agricultural marketing cooperatives in Ethiopia took place through the state led cooperatives, and the government control the prices urban dwellers were offered low consumer prices of agricultural products but farmers were left with much lower than the open market would have given them. In Ethiopia studies have shown that cooperatives were a threat, a source of insecurity and burden.

This was witnessed by the response of most cooperative members following the announcement of the mixed economy and ultimate overthrow of the Derg regime. In line with this, Dessalgn (1992) revealed that only a few weeks after the Ethiopian government mixed economy policy, a greater majority of cooperatives were dissolved by their own members. Dessalgn pointed out, for instance, in Wollo the first enterprise to be dismantled was the large scale model cooperative. In Jimma region, some of the cooperatives were fairly prosperous from marketing coffee, but all of them were dissolved before the EPRDF led traditional government come to power. Studies have shown that the top down approach pushed by the past regime exhibited a failure story in cooperative movement in Ethiopia. A good example is the investigation by Zerihun (2003), which indicated that government imposed agricultural cooperatives in Meki-Batu of the Oromia region left the members in the miserable situation by exposing them to sever food shortage and consequently hanger. However the Meki- Batu people were able to reverse the catastrophe after they have established an irrigation cooperative union in 1999 in accordance with the principles of cooperative society's proclamation 147/ 1998. Ethiopia's experience with cooperatives,

particularly with agricultural cooperatives, is traced back to the 1960s proclamation of 'Farm Workers Cooperative Societies Decree'. The country embraced the idea of modern cooperatives long after such institution has been established in many countries in Africa and elsewhere in Asia. For example the first cooperative ordinance in Kenya was issued by the colonial administration in 1931 while in 1945 peasant were permitted for the first time to market surplus farm products through their own societies. More over the legal foundation up on which the cooperative movement in Tanzania was laid in 1932, when the first law enacted too make the provision for the registration of the cooperative societies. During the Imperial regime the development and promotion of modern types of agricultural cooperatives had been initiated by the government. It was in the first, second and third five year development plan (1960-1974) that the concept and modality of agricultural cooperatives have emerged. Decree No. 44/ 1960 known as 'cooperative society's proclamation' was the legal corn stones for the promotions of agricultural cooperatives (Haile, 1999).

2.5.1 Multi-Purpose Cooperative Societies:

Multipurpose cooperatives are cooperatives which engage in many activities unlike single purpose cooperative. It has applied diversified activities. Multipurpose cooperatives has many function, which is based on a fully integrated framework of activities, and it is planned according to member's requirements which identified at the grass root level and taking the socio-economic life of the farmer members in its totality (Chukwu, 1990).

2.5.2 Concepts of Economic empowerment

Economic empowerment is the process of enabling or authorizing an individual to think, on behaves of take action, and control work in autonomous way. It is the state of feeling of self-empowered to take controls of one's own destiny Abadi, (2007).

Economic empowerment is the process by which the powerless gain greater control over the circumstances of their lives. It includes both controls over resource (physical, human, intellectual and financial) and over ideology (beliefs, values and attitudes. Empowerment can also be viewed as a mean of creating a social environment in which one can take decisions and make choices either individually collectively for social transformation.

That participation needs to empowerment can be strikingly observed in the case of the poor and deprived sections of the communities expressing their assertion through the vehicle of a cooperative. Empowerment involves a participatory approach that enables people to emancipate themselves. It challenges and transforms the basic structure of subordination. It is the dynamic of power that is one's capacity to influence or control others. One group can have effective power to control others by having control over resources and ideology. Empowerment, therefore, is a social process that aims at changing the nature and the direction of the systemic forces Gyllstrom 1998.

2.5.3 The role of multipurpose cooperatives in Socio-economic empowerment

Multipurpose Cooperative play an importance role based on economic empowerment. The private and public company operating dynamically within a system continually attempting to match supply and demand elements which is the most important and effective means enabling individual to have access to the socio-economic development they need. The market services of the cooperatives empower many countries with their economic status for change. Some factors contributing to economic status beyond the allocation mechanism of the market policy, cultural, knowledge based and social justice dimensions among the Markets service in the local, regional, national and international are never perfect. The subject to a constant barrage of manipulative marketing demand which may serve to reduce the negative impact on market policy. The development institutions which make some role on socio-economic development to the extent strategies mechanisms are require by the members economic. (David J, 2008).

In addition too, primary market policies help much new company to secure and maintain minimally acceptable economic and social empowerment for poor households. The role of cooperatives institution is to support economic objectives such as Food security which should operate in the ways that Promote social empowerment at national, regional, local, household and individual levels. Raise nutrition and improve the diets of food, people Help improve the availability of safe water for the affected population Promote availability and accessibility of foodstuffs for the affected population Contribute toward the balanced economic and social development of affected peoples in both rural and urban settings, especially with regard to the equitable Treatment of male and female that Help to make a recipients of agents of their own development Increase domestic food production Reduce dependence on food aid.(Daniel,2006).

Multipurpose cooperatives provide the means for escaping from indebtedness and for effective financial management. Their provision of insurance and services for health and social care, as well as affordable and appropriate housing, and their contribution to food security are clearly major contributions to the alleviation of poverty. A significant proportion of the world's poor continue to be small-scale, resource-poor farmers and other rural entrepreneurs in developing countries. In the absence of improvement in their productivity, and the provision of opportunities for marketing with fair returns, their condition is unlikely to improve, and problems of unemployment, underemployment, excessive migration, poverty and social disintegration will not disappear, while food security will be even further from achievement. Only by means of a people-centered participatory approach will effective transformation of the rural sector occur; cooperative enterprise is one of the most efficient organizational vehicles for such transformation in developing regions as it has been in the past when similar conditions existed in the rural economies of currently developed countries. Individuals and communities also empower themselves to escape from or to avoid poverty by setting up cooperatively organized enterprises in the supply of utilities, transportation, household equipment and clothing. The strategies adopted at the three recent international conferences clearly recognized the important role of cooperative enterprise in revitalizing rural economies. Cooperatives, especially agricultural and multipurpose cooperatives are considered as institutional intervention to increase agricultural production and productivity According to Schroeder (1992).

These cooperatives are functioning with provisions of agricultural credit, provision of agricultural inputs, facilitating sale of agricultural products, operating a consumer store, inclusion of thrift and saving habits of members. These are the most common types of cooperatives which are very much dominant in my study area. Therefore, the study gives more emphasis on the role of multipurpose cooperatives than any other types. Irrigation cooperatives are also common in the rural areas of Ethiopia. Farmer members of any irrigation cooperatives are cultivating more than two crops in a year and this practice will increase the production and productivity of poor people in turn the practice increases food production and food self sufficiency of the people. Even though fishery cooperatives are yet established in my particular study area, irrational fishing and irresponsible fishing practices are very communal. Despite fishery cooperatives are to provide employment opportunity to fishing community through

fishing and marketing fish, most fish cooperatives in all over the countries are operating in an informal way on small scale and need the support of many others for larger scale production, processing and marketing of fish and fish products. More specifically cooperatives can contribute in market/economic stabilization, they can carry out services to their members otherwise not or available at high cost. More over cooperatives can build countervailing power and above a certain economies of scale they act as competitive yardstick for non-cooperatives and whole sectors with a better influence on the market and price. Cooperatives in some cases can also increase technological and market efficiency and carry out activities with a higher added values. The role of cooperatives in decreasing transaction cost with a better flow of information to the consumers and increasing the income of members by lowering the transaction and production cost contribute to the food security situation of particular society (Douglas and McConnen, 1999).

2.5.4 Major Benefits of the Cooperatives

The theory of cooperative organization provides several reasons why farmers join the cooperatives. cooperatives provide quality supplies and services to the farmers at the reasonable cost. By purchasing supplies as a group, the farmers offset the market power advantage of other private firms providing those supplies. The farmer can gain access to volume discounts and negotiate from a position of greater strength for better delivery terms, credit terms, and other arrangements. Suppliers will also be more willing to discuss customizing products and services to meet farmers' specifications if the cooperative provides them sufficient volume to justify the extra time and expense. Increased farmers bargain power in the market places is the other advantage of the cooperatives. Marketing on a cooperative basis permits farmers to combine their strength and gain more income. The farmers can lower distribution costs, conduct joint product promotion, and develop the ability to deliver their products in the amounts and types that will attract better offers from purchasers. According to Parliament et al.(1990) a cooperative gives farmers a means to organize for effective political action. Farmers can meet to develop priorities and strategies. They can send representatives to meet with legislators and regulators. These persons will have more influence because they will be speaking for many, not just for themselves. According to Folsom (2002) having a businesses owned and controlled on a cooperative basis helps farmers' entire community. Cooperatives generate jobs and business

earnings for local residents. They pay taxes that help finance schools, hospitals, and other community services. (Chukwu, 1990)

CHAPTER 3. MATERIALS AND METHODS

3:1 Description of Gambella and the study areas

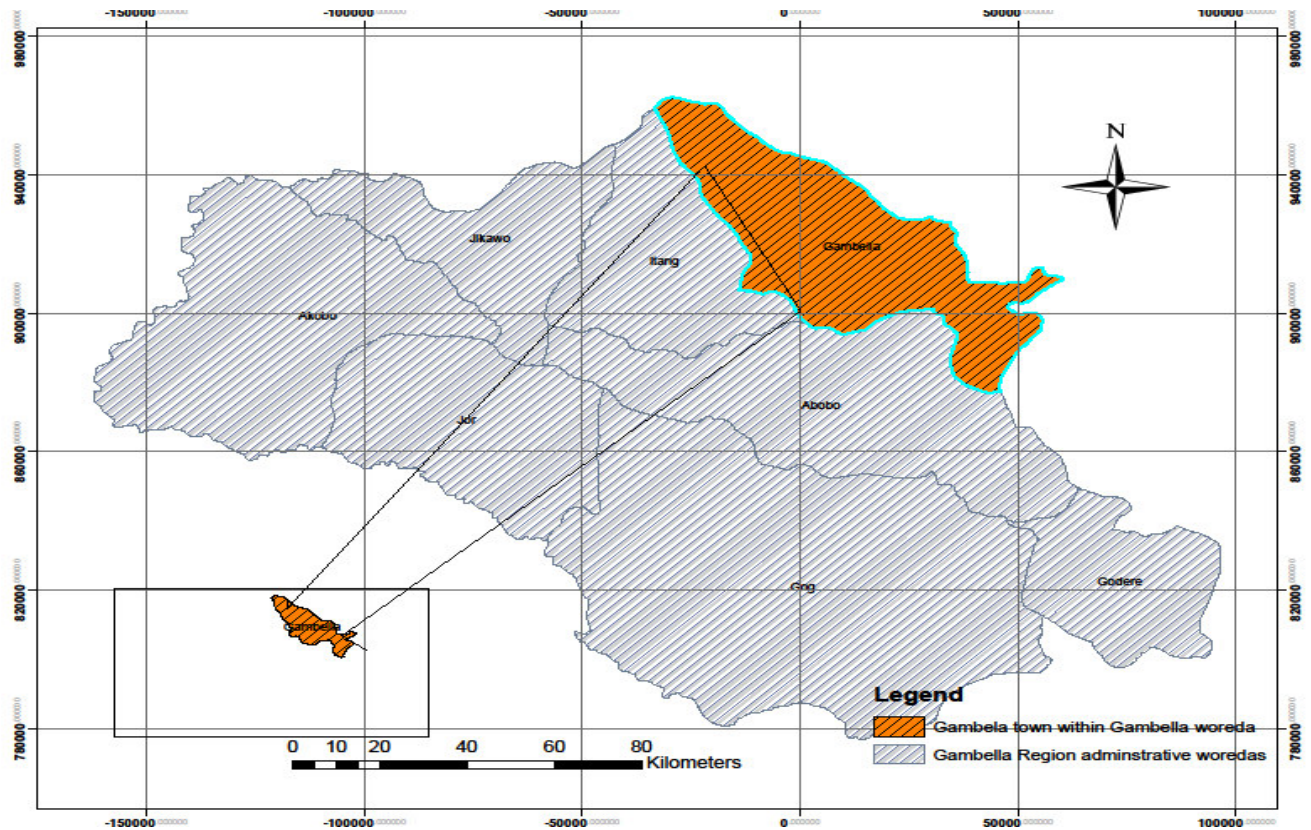
The Gambella People's Regional State (GPNRS) is located south west Ethiopia between the geographical coordinates 6028'38" to 8034' North Latitude and 330 to 35011'11" East Longitude, which covers an area of about 34,063 km² about 3% of the nation. The Region is bounded to the North, North East and East by Oromia National Regional State, to the South and Southeast by the Southern Nations and Nationalities People's Regional State and to the Southwest, West and Northwest by the Republic of South Sudan. Topography is an integral part of the land surface. It influences soil formation, drainage, runoff, erosion, exposure, accessibility etc. The topography of the Region is divided in to two broad classes, i.e. the Lower Piedmonts between 500 to 1900 mask and the Flood Plains of below 500m contours. The climate of the Region is formed under the climate of the Region is formed under the influence of the tropical monsoon from the Indian Ocean, which are characterized with high rainfall in the wet period from May to October and has little rainfall during the dry period from November to April. Temperature and rainfall are important factors in soil formation and range of crops that can grow in a particular environment. For instance, the Godere Woreda has enormous variation in terms of soils, vegetation and crops, because of variations in temperature and rainfall from the rest of the Woredas of the Region. The mean annual temperature of the Region varies from 17.30C to 28.30C and annual monthly temperature varies throughout the year from 270C to 330C. The absolute maximum temperature occurs in mid-March and is about 450C and the absolute minimum temperature occurs in December and is 10.30C. The annual rainfall of the Region in the lower altitudes varies from 900-1,500mm. At higher altitudes it ranges from 1,900-2,100mm. The annual evaporate-transpiration in the Gambella reaches about 1,612mm and the maximum value occurs in March and is about 212mm.

Gambella People's National Regional State of Ethiopia (Gambella region) is a lowland (rift-valley) promontory territory in the southwest of the country bordering of Republic of South Sudan and Ethiopia's Oromia and Southern People's, Nations and Nationalities Regional States (SNNPR) zones. The Gambella region served as an important colonial trading outpost at the turn of the 20th century. Arabs, Indians and Yemenis and other groups dominated trade. Coffee, skins and hides, and ivory were major commodities, and trading occurred between Arab and

indigenous groups and encroaching western colonizers, with Gambella town growing to offer a limited foothold for colonial interests. It has a long and porous border with Republic of South Sudan. Although it can be described as “densely forested,” due to the abundance of trees, the landscape is more aptly described as a shrub and thorn bush desert plain. The “Kebele” is the smallest administrative unit, comparable to a village or sub-sections of a larger town; Gambella town, for example, is subdivided into Kebele 01, 02, 03, 04, 05. As the region is generally not cereal self-sufficient, alternative income sources such as fishing are important sources of food. Wild food consumption is part of the daily dietary intake given the still partly untouched bush land and natural forest resources.

“The latest CSA estimate (July 2010) puts Gambella population size at 259,000 a fifth of whom live in urban areas, and despite its relatively small area size the region is quite diverse, ethnically. The major ethnic groups include the Nuer (40%), Agnuak (27%), Amhara (8%), Oromo (6%), Mezhenger (5.8%), Keffa (4.1%), Mocha (2%), Tigraway (1.6%) and other ethnic groups predominantly from Southern Ethiopia (5.5%). There are five ethnic groups who are indigenous peoples to the Gambella region: Agnuak, Nuer, Mejenjer, Opo, and Komo. Gambella region has an estimated population of 393,495. This figure is based on vaccination statistics from completed rounds of polio and measles vaccination completed in Gambella during 2011 (UNICEF / Regional Health Bureau Gambella). The last official census was completed in 2012, but the population predictions based upon the result at this time neither take into account. Gambella region is one of the nine regional states of Ethiopia, which has three administrative levels; the Regional State government, three Zonally administration, The major crops cultivated include Cereal Crops: Maize, Sorghum, wheat and Millet, field peas, lentils and chickpea, groundnut, oil crop; sesame and fruit tree are also there. Most of Gambella is flat and its climate is hot and humid. Annual rainfall averages about 600 mm while the minimum/ maximum temperatures are approximately 21.10C and 35.90C respectively.

Figure 1: Location of Gambella town within Gambella Woreda in Gambella Regional administrative



sources: USAID/ Gambella region.

3.1 Research Design and Sampling Techniques

These research uses cross sector research design so that data was collected for many cases at a single point in time. Different methods of data collection like construction questionnaires, both close and open, interview, discussion and personal observations where employed to produce primary data. Addition too, secondary data have been collected from existing documents, books, journal, reports and other sources from Gambella Regional Marketing and Cooperatives Promotion Agency and concerned inside of the documentary room of the office and outside of the multipurpose primary cooperatives offices at kebele.

Table 1: Sample of primary multipurpose cooperative in Gambella town

Name of Multipurpose cooperatives	members	Total members	Sample size of cooperative members	Sample size of Non-Member
Finance & economic Multipurpose cooperatives	48	50	12	8
Mat keel Multipurpose cooperatives	9	44	11	10
Mattetni Multipurpose cooperatives	31	55	14	15
Nyang metebaber Multipurpose cooperatives	2	95	23	28
Gambella Multipurpose cooperatives	31	38	10	5
Baro Multipurpose cooperatives	31	44	11	5
Newland Multipurpose cooperatives	3	68	17	18
Total			98	89

Sources: Gambella regional marketing and cooperative agency (2011)

3.1.2 Sampling Method and Sampling Size

From all multipurpose primary cooperatives in Gambella town those legalize since many year back was selected purposively, in this study, multipurpose primary cooperatives were consider that they have enough capital to make a positive activities to change members and non-members socio economic and the ultimate objective of sampling size was select a set of elements from a population such as random sampling. In the study area about ten multipurpose primary cooperatives which the study was conduct, the researcher was select members and non-members, government and NGOs was involved directly or indirectly in interview focused group discussion. The study was marks to procurement and distribution of goods such as cattle, maize, and other differences services recount to credit service. Selection of the Gambella town was done

purposively, but the existence of supportive programme to both Governments was not happened at Gambella regional government. It was an activity related to introduction of making changes through cooperative work in the area for the economic and social empowerment among the members and non-members, there are five kebele with seven primary multipurpose cooperatives with total of members who are participating in business operation and marketing activities, that was 394 members in all kebele (Nyang mesebaber multipurpose cooperative) engaged in buying maize from farmers near to town/city, they also use to buy oil from wholesalers, use artisans, consumer shop and saving and credit, dairy activities ,small cafeteria, and also in 01,02,03,04,and 05 kebele there is primary multipurpose cooperative with least members they also apply the same activities from other kebele of cooperative member farmers as economic empowerment.

In this study, the determination of sample size, was an interview, such as focus group and informants group through discussion; different factors was taken into consideration including research cost, time, accessibility, human and related resources constraints.

3.2 Data Collection Methods

This study used a combination of both qualitative and quantitative research methods. Descriptive of the multipurpose cooperatives based cross sector study design complemented by focused group discussion and personal observation in the kebele where multipurpose cooperatives operate and also inside the Gambella town where study conducted. A constructed questionnaires was used together quantitative data after interview was conducted interview schedule had cover some part of the information on the socio and economic empowerment of the respondent or members and non-members from multipurpose cooperatives, keeping by laws, dividend, provide credit service to members and non-members, focus group discussion was conducted with those of non-members for credit services provision to the cooperatives and cooperatives to the non-members. Addition too, the secondary data was collected from the Gambella Regional Marketing and Cooperative Promotion Agency as well as publications such as journals, newspapers, magazines, books, Internet, and from other studies taken up by government expert or other NGOS. They are appropriate to the study of the research.

3.2.1 Method of Data Analysis

Descriptive statistics based on percentage, table, and figure were used to analysis finding. Qualitative data collected from respondent, such as members and non-members of multipurpose cooperatives, constructed, interviews schedule and focus group discussion was entered and analysis in table to determine the result for the study was used. Any item which was not capture through quantitative such as analyse with figure was analyse qualitatively based on observation.

3.3. Theoretical Frameworks Applied to examine the role of multipurpose cooperatives

When we observe the studies and consider the main finding it is possible to gain some insight into relationships between dependent variable and independent variables and factor that make cooperatives weak in their business, in the study the researcher was combine both views for comprehensive picture of factor of multipurpose cooperative, this study insight some factor to have full understanding about the role of multipurpose cooperative in attainment of social and economic empower, the regional government was effected to make change on development issue of multipurpose cooperatives so that the credit services provision it must to apply by Government and the training to make an awareness to all the community.



Figure 2: Conceptual Framework

3.3.1 The conceptual frame work

The conceptual frame work, was study or deal on many different variables which was the guidance to the researcher to understand the main issue of the study.as it was mention above, the conceptual frame explain the relationship between the variable which is independence variable and dependence variable.

3.3.2 Operational definition of each variable

3.4. Dependence variable

Dependent variable was an achievement of social and economic empowerment of member and non-members.

3.4 .1. Independence variables

The independent variables in this study are grouped according to the achievement and factors that affect the members' socio-economic empowerment as the understanding of the researcher.

1: Cooperatives factors

- i. **Sex of the members:** it represents the characteristics of the members in term of masculine and feminine, either the members of the family become male or female; the variable are a dummy variable because if the head of house hold is male = 1 and if female= 0.
- ii. **Principles of cooperatives:** Principles are guidelines for how to put ideals and values into practice. They rest on a distinct philosophy and view of society that helps us judge our accomplishments and make decisions. This variable can be measure as an imitation variable because it can be measure by the statistical model.
- iii. **Access to credit service:** This is a dummy variable which take a value of 1 if the Members and Non-members obtained a credit from the cooperatives or other micro-finance institution operation in the areas is 0 in general providing credit to the members and non-members play an importance role to reduce production.
- iv. **Shareholding:** capital contribute by the members, this variable can be measure in term of money ETB.

- v. **Members participation:** quality of the work regularly to achieve their goals are known to be active participation, this variable can be measure in term of time or daily, which is imitation variable.
- vi. **Dividend policy:** the surplus which can be divided to the members in the form of members' participation and the amount of share owned. This variable can measure by ETB or dummy variable.
- vii. **Educational level:** This refers to the level of schooling the farmers attended. The higher the educational level, the better would be the knowledge of the farmer towards the cooperative and acquire news and education about the benefits of the cooperatives easily (Kraenzle, 1989; Klien, 1997).

2. Demographic Factors

- i. **Family size:** this variable is a continuous explanatory variable and refers to the total numbers of family members the house hold has. It is assumed that large family size can consumed more from what they produce and little will remain to the marketed.
- ii. **Age:** the number of year from each household members of the family can be measure as.
- iii. **Farm size:** this variable is a continuous variable it refers to the total areas of farm land that the cooperatives own in hectare. It assumed that the large the cooperatives own farmland the large to the output for consumption and for marketed.
- iv. **Household income:** define as an income generates by the family daily or yearly Net family income of household from all sources can be measure in terms of money.

3. Social factors

- i. **Interpersonal relationship among the members:** defines as an interpersonal-relation between members and other community who participate in the cooperatives society this was a continuous variable measure in term of dummy variable because it can be measure in term of perception of the members.
- ii. **Publicity:** relation with external environment and social attractive, can be measure in term of pretend model,
- iii. **Communication among the members:** sharing their interest such as business activities, can be measure continuous variables.

CHAPTER FOUR

4. RESULT AND DISCUSION

In this chapter it focused on the objectives and analysis of data collect from the respondent who answered the question and that of non-members who are the users of MPCs and held interview discussion with individual respondent who are both members and non-members. They provide some information which focused on economic empowerment and the risk that cause slackness of development growth of both members and non-members, and other staffs who have partner to the Cooperative Agency in Gambella town. The total of the sample size were the researcher conduct the study are 98 from those who are members and 89 from those of non-members.

4.1 Distribution of the respondent by sex

The sample size of the members of MPCs are 98, the majority are male members, only one female members. It was indicate it that 97 as the male among the members, which mean that the members who run their business for their economic purpose are male. And the sample size of non-members are 89, among all non-members only eight female, then 81 are male who the users of the MPCs service are

Table 2 : Distribution of the respondent by sex

Sex	Members	Non-members	Total	
	Frequency	Frequency	Members	Non-members
			Frequency	Frequency
Male	97.0	81.0	97.0	81.0
female	1.0	8.0	1.0	8.0
Total	98.0	89.0	98.0	89.0

Source: from primary data

4.2 Distribution of the respondent by age

For the purpose of this research, respondent are classified into three group, young ages are from 20-25, and the Middle Ages are from 26-40, old ages are from 41-63. Average Age of the sample

of the members defined as a numbers of complete years of Respondent when he or she join the cooperatives at the time of interview, the table below indicate that members who are 20-25 of ages are 20 and those who are members of ages of 26-40 are 38 in their numbers and those who are 41-63 of ages are 40 are the number of the members and it also show the years of the members as 20-25,26-40 and 41-63 respectively, the majority of the members are those who reach 41 to 63 of their age. According to the table below Middle Ages are the majority rather than other ages clearly indicated under the table.

Table 2: Distribution of the respondent by age

Age	members	Non-members	Total	
			Members	Non-members
	Frequency	Frequency	Frequency	Frequency
20-25	20.0	21.0	20.0	21.0
26-40	38.0	30.0	38.0	30.0
41-63	40.0	38.0	40.0	38.0
Total	98.0	89.0	98.0	89.0

Sources: primary data,

4.2.1 Distribution of the respondent by educational level

Education plays an importance role today. It exerts influences individuals, society and the nation at large. To the members and non-members, the level of education determines the levels of awareness, knowledge, understanding, perception and attitude towards what they are going to do for their institutional activities. Having a better educational background can help MPCs to be productive for quality marketing services and how to provide patronage dividends to the members, grade 4 -8, are 5 members and 5 from non-members, grade 9-10, and are 49 and 34 from non-members. grade 11-12, diploma are 31 and 1 degree level respectively, this have significance relationship with economic empowerment of the members, as it was mention earlier that, those who have quality educational background can help their members to be a well participants for their business activities.as it was indicated from table below.

Table 3. Educational levels

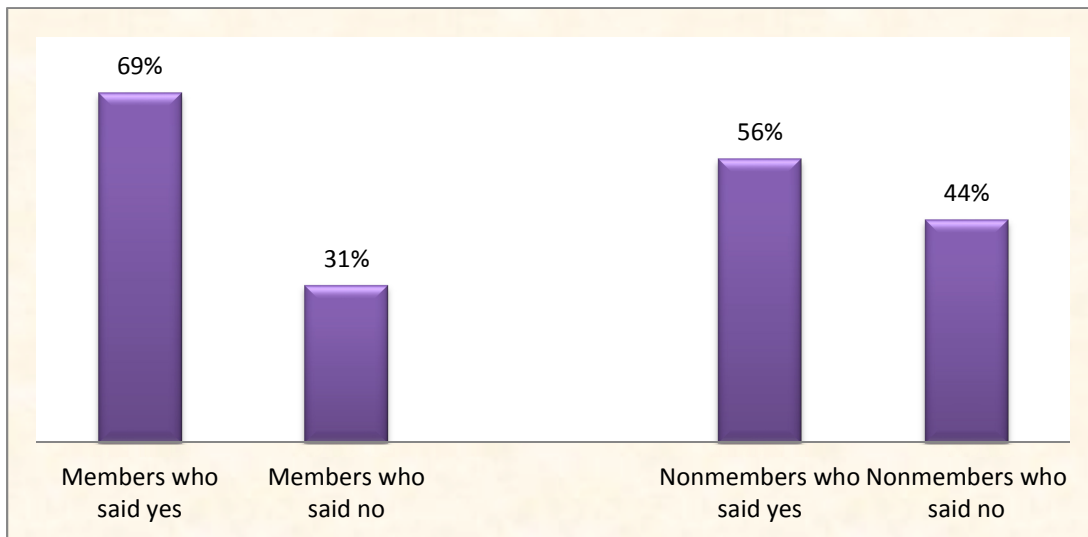
Educational level	Members	Non-members	Total	
			members	Non-members
	Frequency	Frequency	Frequency	Frequency
Grade 4-8 grade	5	1.0	5.0	5.0
Grade 9-10grade	49	34.0	49.0	49.0
Grade 11-12grade	12	41.0	12.0	12.0
Diploma	31	11.0	31.0	31.0
Degree	1	2.0	1.0	1.0
Total	98	89.0	98.0	98.0

Sources: primary data

4.2 Roles of multipurpose cooperatives

The role of multipurpose cooperatives change the living standards of the members and non-members, it was identifies by both members and non-members. The members who said yes are 61% and the members who said no are 39%. When we observed those who are non-members who said yes are 56% and other non-members who said no are 44%. This indicated clearly below the figure.

Figure 1 MPCs are improving the living standards of members and nonmembers

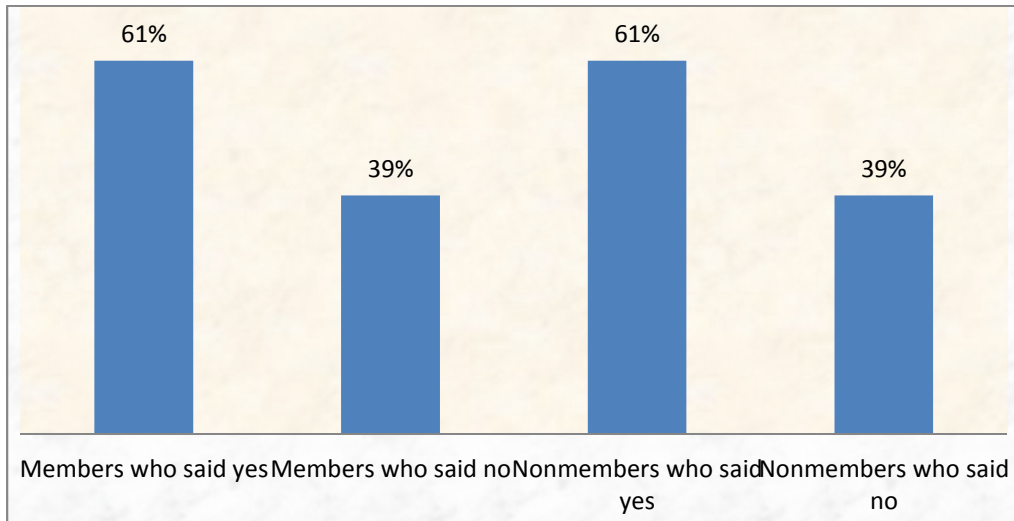


Sources; Primary data

4.2.1 Principles of cooperatives

Principles of the cooperatives is a guide line for cooperatives members and other participants who are voluntarily for business operation, and it also an essential tools to minimize corruption and other risk among members The members who said yes are 61% and the members who said no are 39%. When we observed those who are non-members who said yes are 61% and other non-members who said no are 39%. This indicated clearly below the figure.

Figure 2. Principles of cooperatives is tools for change

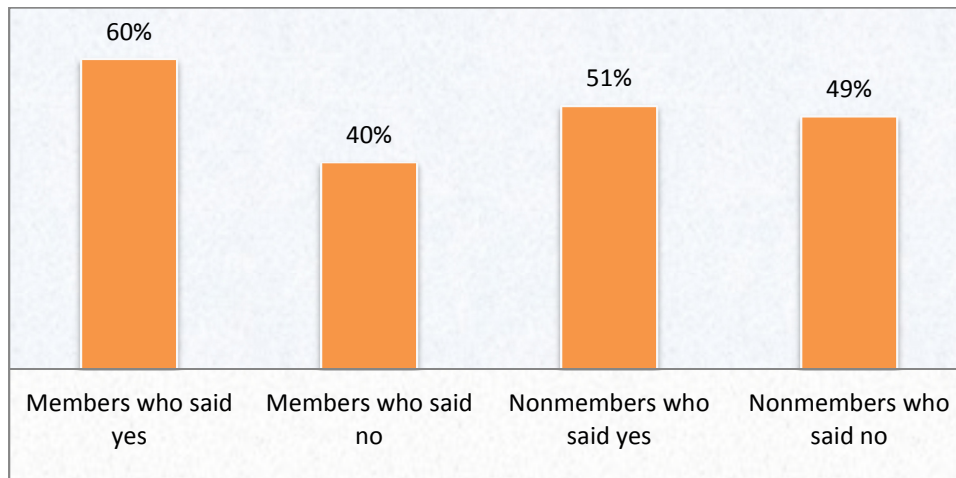


Sources: primary data

4.2.2 Farm size of MPCs

The multipurpose cooperative society has large number of functions to apply. As the name indicates its responsibility for different purpose for which it has been set up. It can work for arranging credit, improved seeds, agricultural implements, the members who said yes are 60% and the members who said no are 40%. When we observed those who are non-members who said yes are 51% and other non-members who said no are 49%. This indicated clearly below the figure.

Figure 3. The holding farm size of MPCs satisfy members for business and for home consumption

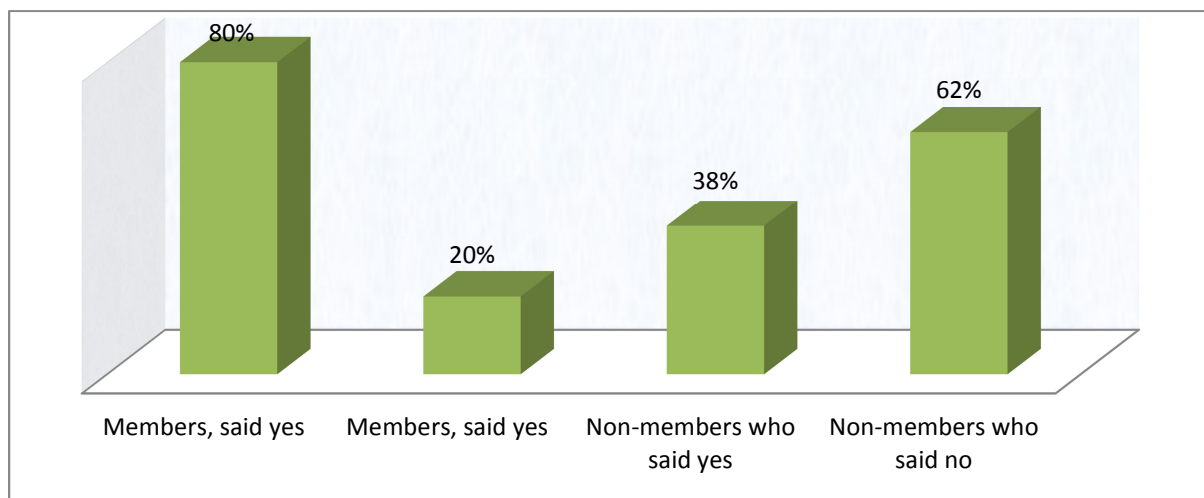


Source: primary data

4.3 Keeping live stock

Cooperative keep livestock for sale and for dairy, both activities enter to the market (commercial), consumption or business purpose to fulfill all needs of the members even nonmembers, and it was satisfy all need of multipurpose cooperatives with livestock products and it was explained by the members and other members who are key informants differently due to the business purpose and home consumption, lives stock was the major tools for their economic change, and it was also an essential tools to improve their economic improvement of the members, The members who said yes are 80% and the members who said no are 20%. When we observed those who are non-members who said yes are 62% and other non-members who said no are 38%. Those are the name of livestock, poultry, goats, sheep and cattle are a tool for poverty reduction to all citizen who live in Gambella town, members and, and through all surrounding town, this indicated clearly below the figure.

Figure 4. MPCs own livestock for commercial and consumption purpose

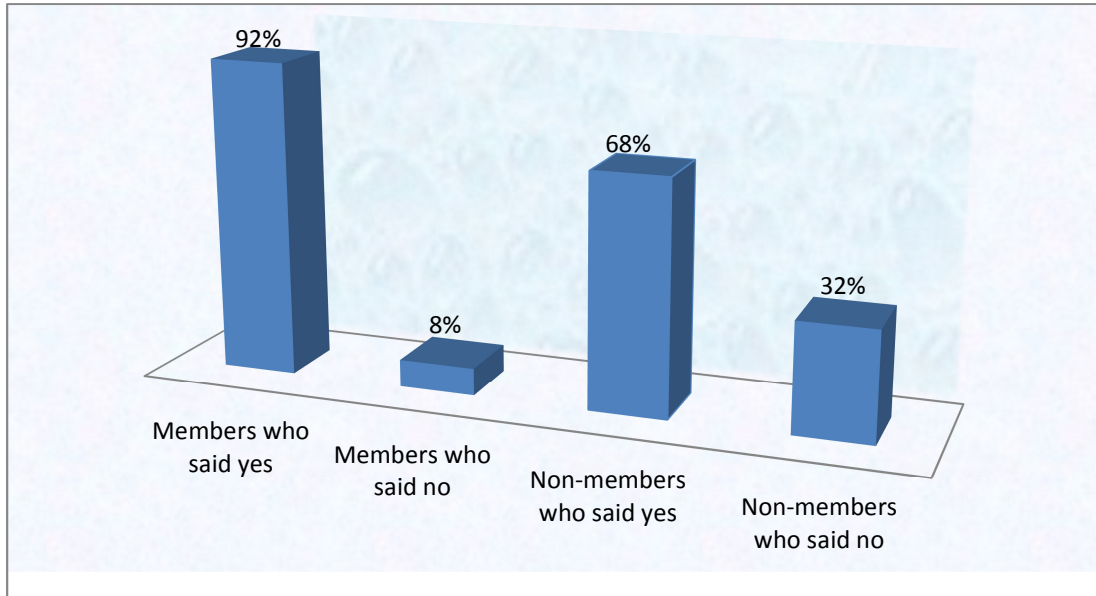


Source: primary data

4.3.1 MPCs keep live stock for marketing service

Livestock holding refers to the total number of livestock holding of the MPCs. Cooperative keep livestock for multifunction, keeping anything needed to prepare feed for animal, and storage of cultivated products before they are marketed such as dairy, sheep, goats and poultry, both products enter to the marketing. And the members said that livestock are keep for home consumption and for marketing service, even for their business operation. Using livestock for custom grazing may prove to be the most profitable products enterprise. While the demand for those products seem as high demands for the society, and willing to spend "unlimited" amounts of money to enhance the environment. Increasingly sheep (and goats) are being observed as a natural good to manage by the cooperatives members. At the same time, these is the value, total number and the amount of livestock possess by each MPCs cooperatives The members who said yes are 92% and the members who said no are 8%. When we observed those who are non-members who said yes are 68% and other non-members who said no are 32%. This indicated clearly below the figure.

Figure 5. MPCs keep livestock for marketing service

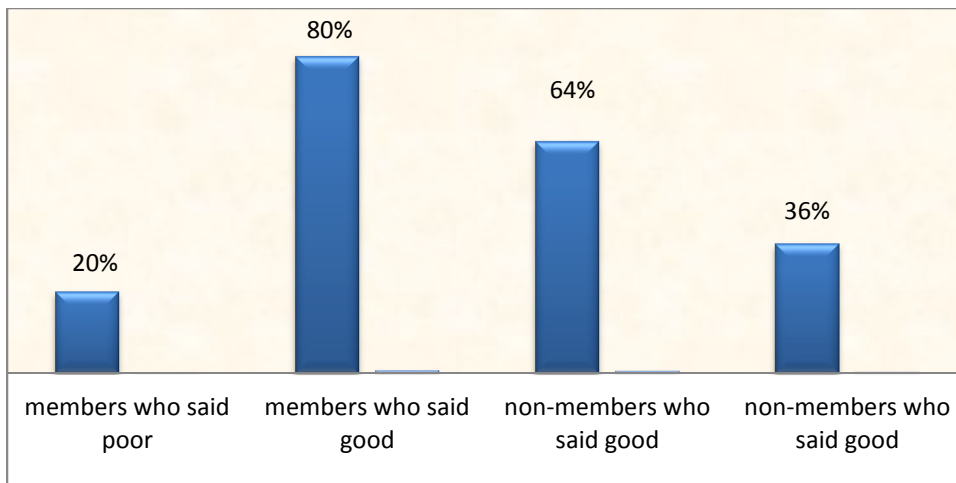


Sources: primary data

4.3.2 Assessment of the role of multipurpose cooperatives for economic improvement

Multipurpose cooperatives change living standards of the members and non-members, when we inspect the role of MPCs it was easily understand, as the members who said yes are 80% and the members who said no are 20%. When we observed those who are non-members who said yes are 64% and other non-members who said no are 34%. And it was clearly indicated below the figure.

Figure 6. Assessment the role of MPCs for economic improvement

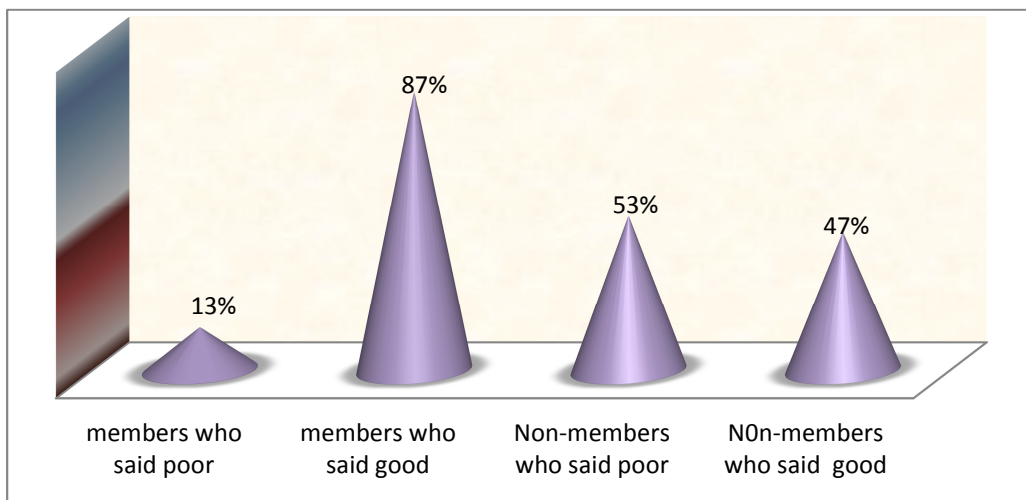


Sources: own data

4.4. Credit service

This part of discussion tried to explain the economic and the role of multipurpose cooperatives is to provide credit service to both members and non-members, such as credit service, the members explain it that multipurpose cooperatives provide credit service to their members not much importance to get loan regularly from regional government the members who said good are 87% and the members who said poor are 13%. When we observed those who are non-members who said poor are 53% and other non-members who said good are 47%. These indicate below the figure clearly.

Figure 7. MPCs provide credit service to Members and non-members



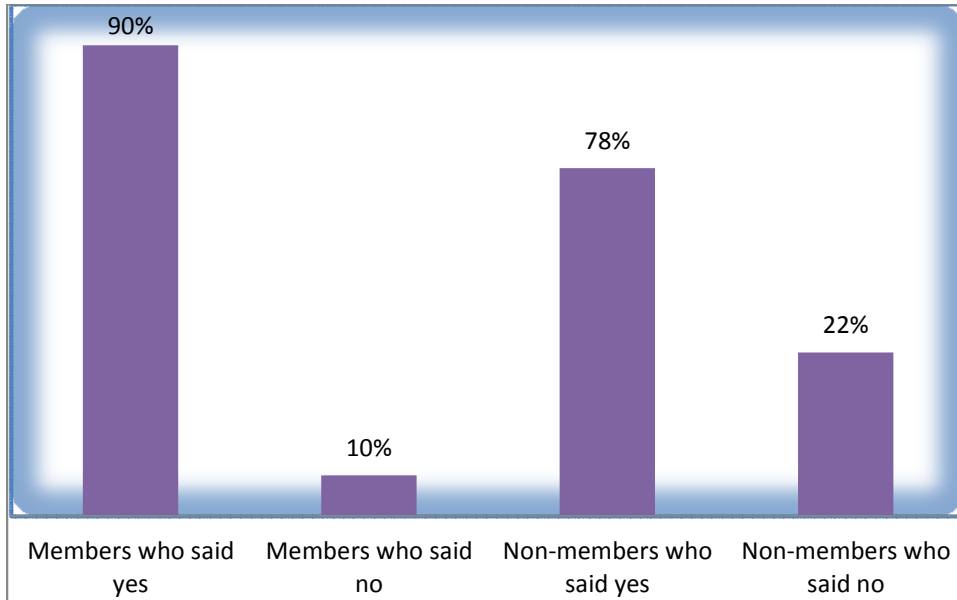
Sources: own data survey

4.4.1 Multipurpose Cooperative provide market services/ product to both members and non-members

The role of multipurpose cooperatives was to provides sale to the whole community of the Gambella town, either members and nonmembers just to change living standards of the members and non-members, as it was detects as an essential instrument , multipurpose cooperatives use to sell their products to members and nonmembers, when the expert inspect the marketing activities applied by cooperatives members effectively work accordingly to the marketing activities and their bylaws of the cooperatives, therefore, the members explain it that multipurpose cooperatives use to sell their product to all community members not only those who are participants to the cooperatives activities, The members who said yes are 90% and the members

who said no are 10%. When we observed those who are non-members who said yes are 78% and other non-members who said no are 22%. This indicated clearly below the figure.

Figure 8. MPCs provide marketing service or product to both members and non-members

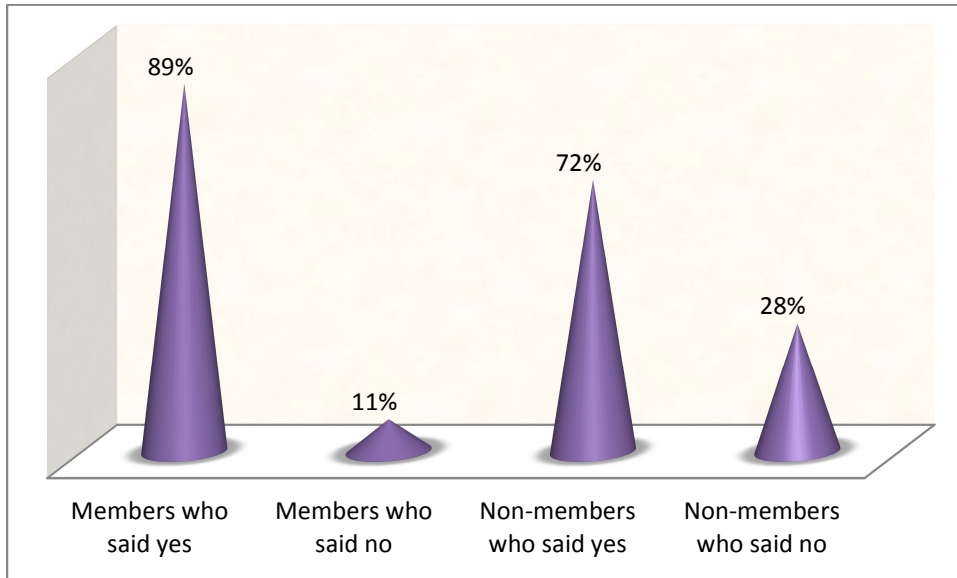


Source: Survey data.

4.4.2 Price of producer's vs private sector

In Gambella town, Multipurpose cooperatives was the essential tool for economic empowerment and to sell their product with fair price to the members and non-members because of marketing unstable and the managerial of products sales to both members and non-members. The members who said yes are 89% and the members who said no are 11%. When we observed those who are non-members who said yes are 72% and other non-members who said no are 28%. This indicated clearly below the figure.

Figure 9. Market price of MPCs is not the same with market price of private sector

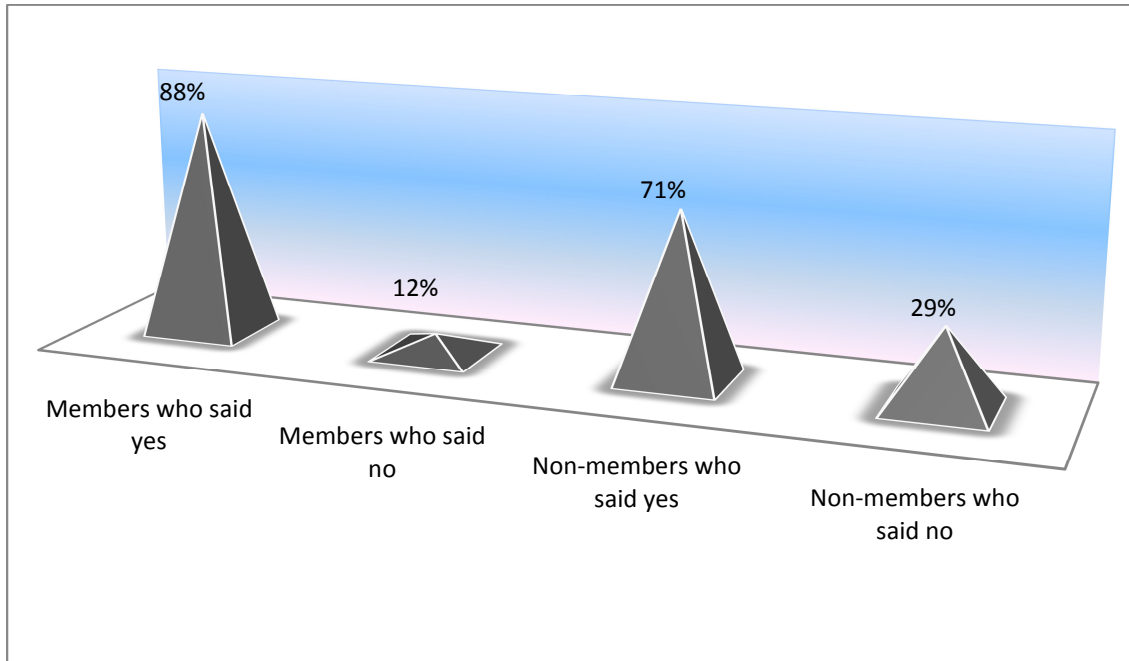


Source: Survey data.

4.4.3 Marketing service of multipurpose cooperative

Multipurpose cooperatives was a tool for effective marketing service provider to the whole community of the Gambella town, both members and nonmembers just to change living standards of the members and non-members, the availability of efficiency marketing system raise up the income to the members and non-members and improve the productivity of their business. This has an importance link with economic empowerment. The members who said yes are 88% and the members who said no are 12%. When we observed those who are non-members who said yes are 71% and other non-members who said no are 29%. This indicated clearly below the figure.

Figure 10. Market effectiveness of MPCs to the members and non-members

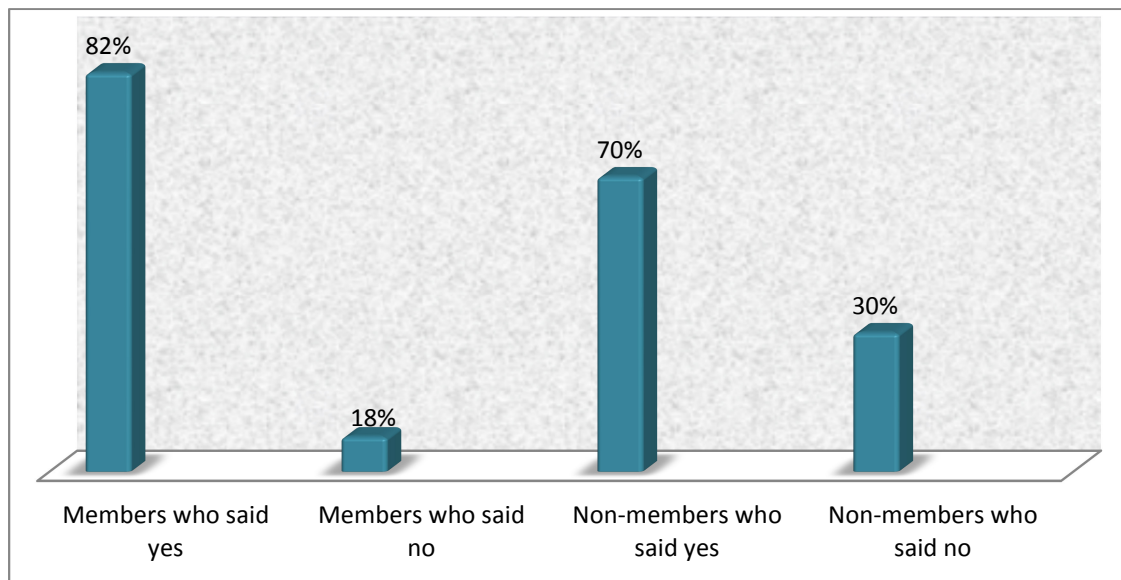


Source: Survey data.

4.5 Participation in cooperative management and social relationship

Member's participation in MPCs was a very importance tools for managerial system. But all members response it that there is big change for cooperatives management through participation, therefore 40% of the members and non-members disagree that, participation of cooperative was their guidance for managerial of cooperatives business operation. The members who said yes are 82% and the members who said no are 18%. When we observed those who are non-members who said yes are 70% and other non-members who said no are 30%. Majority of the members said yes and least number of the members who said no, participation in MPCs can bring more effectiveness of works with managerial system, it was indicate clearly below the graph.

Figure 11. Members' participation in decision making and management in MPCs

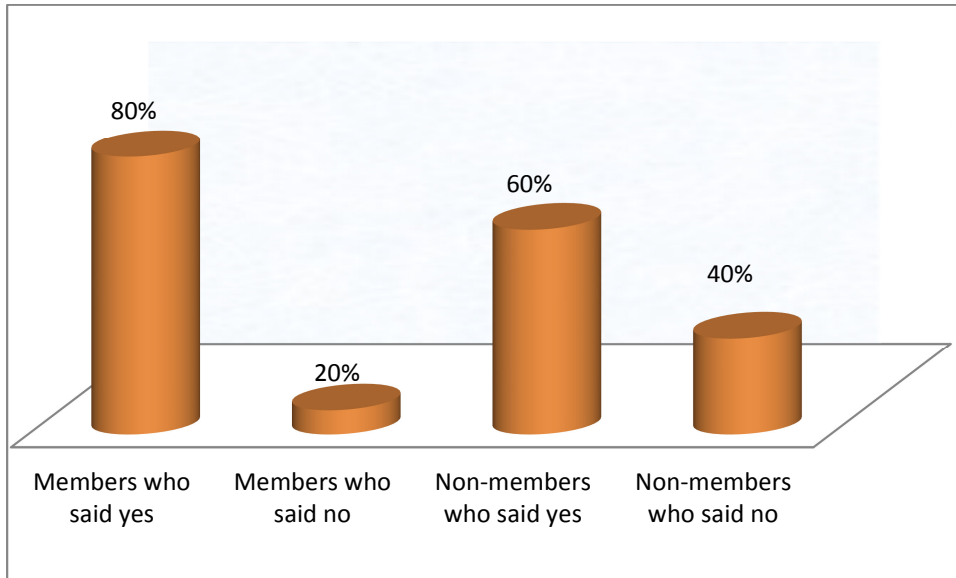


Source: Survey data.

4.5.1 Awareness about cooperatives

MPCs can have more members if there is awareness to the community, the members who said yes are 80% and the members who said no are 20%. When we observed those who are non-members who said yes are 60% and other non-members who said no are 40%. Majority of the members said yes and least number of the members said no. therefore, MPCs can have development if there is an awareness, it was indicated clearly below the graph.

Figure 12. Awareness on MPCs benefits

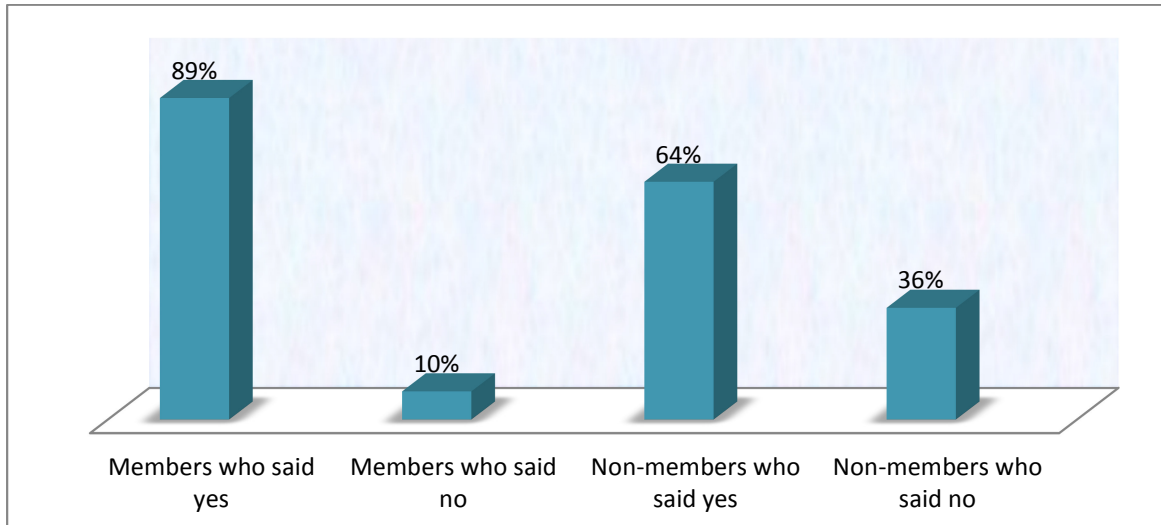


Source: Survey data.

1.5.1 Family income, (members/non-members).

The main sources of income to the members and non-members were only benefits that they gain from multipurpose cooperative; the members explain it that multipurpose cooperatives bring change to their living standards. The members who said yes are 89% and the members who said no are 11%. When we observed those who are non-members who said yes are 64% and other non-members who said no are 36%. Majority of the members said yes and least number of the members said no. therefore, MPCs is the only sources of income to the members and nonmembers as it was indicated below the figure.

Figure 13. MPCs is the only sources of income from both members and non-members

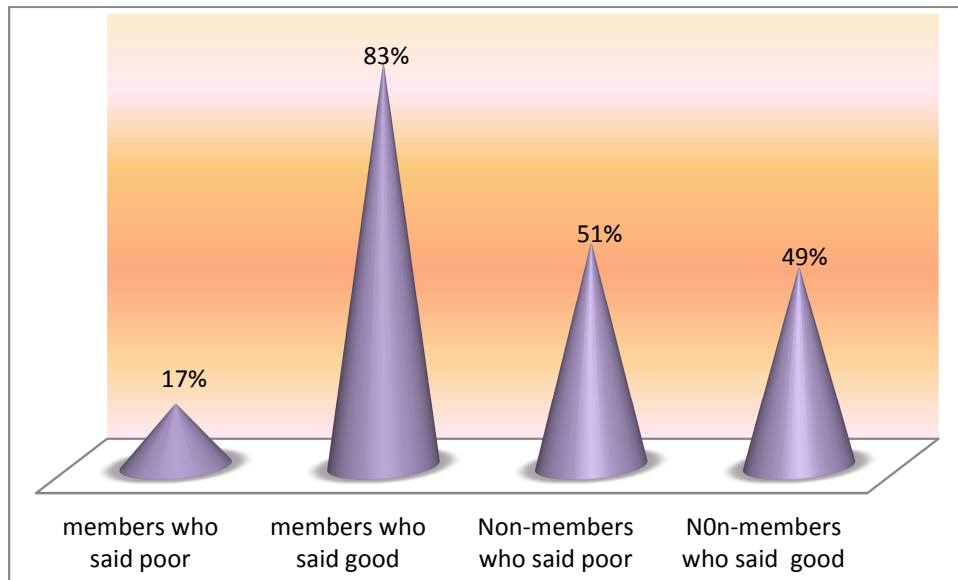


Source: Survey data.

4.5.3 Significance of the cooperatives in economic improvement

The significance of the MPCs to the community was the mean of purchase food items for home consumption. Participants who are voluntarily for business operation or users regularly participate because this is the major things that can increase the amount for home consumption by the family. It was identifies as the sources of medical & educational fees by the members and non-members. The members who said good are 83% and the members who said poor are 17%. When we observed those who are non-members who said poor are 51% and other non-members who said good are 49%. This indicated clearly below the figure.

Figure 14. Significance of MPCs in economic empowerment

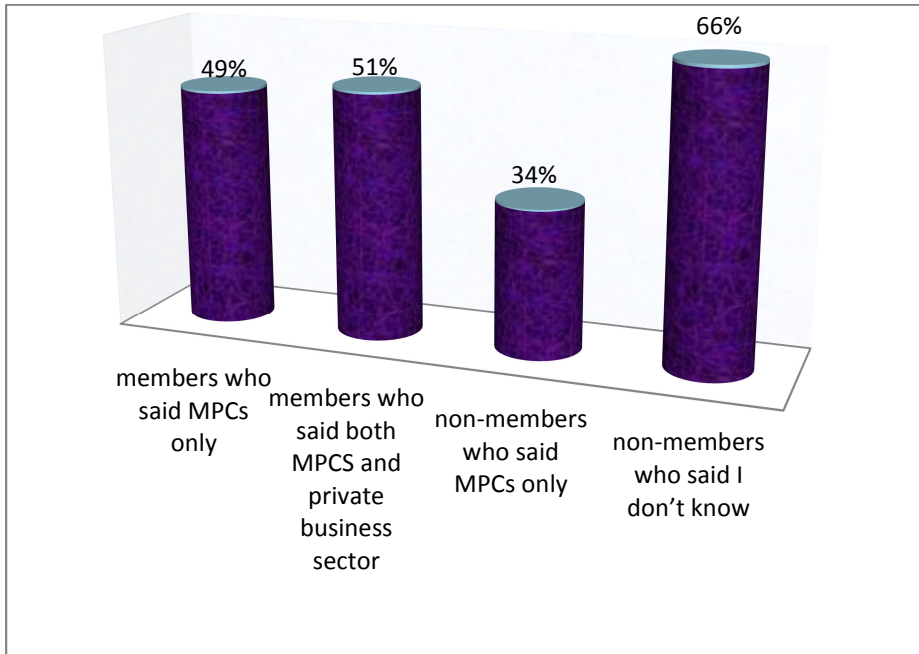


Sources: primary data

4.5.4 Private business and the cooperative societies in bringing change to standard of living

The role of multipurpose cooperatives was to change living standards of the members and non-members, the members who said MPCs only are 49% and the members who said MPCs and private business sectors are 51%. But those of non-members who said MPCs are 34% and other non-members who said I don't know are 62% as it was indicated below the figure with percentage.

Figure 15. MPCs is the an institution for economic empowerment

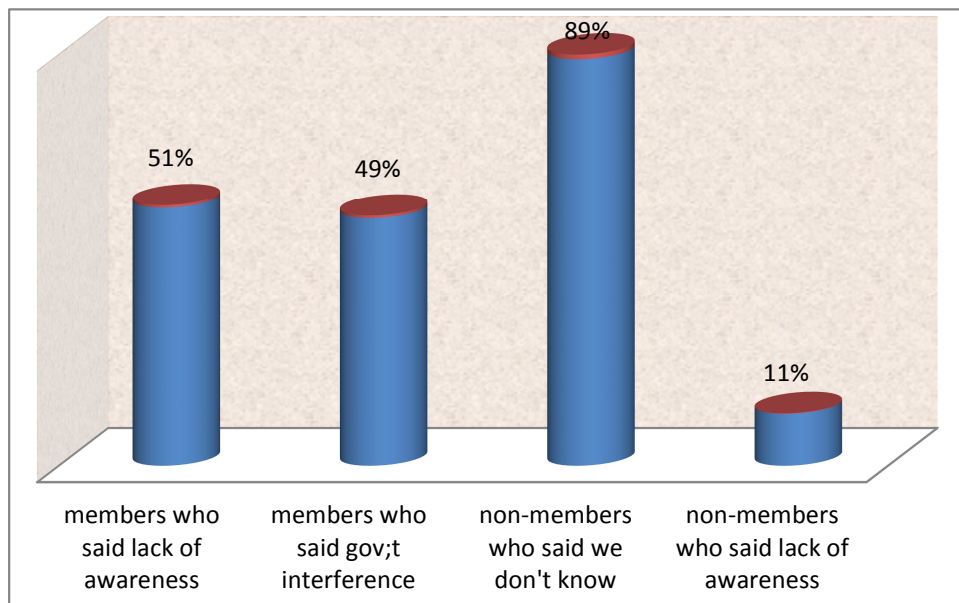


Source: own data

4.6 Factors hindrance of the multipurpose cooperatives on social economic empowerment

The factors that hind the development of MPCs, the members who said lack of awareness are 51% and members who said 49%, and non- members who said lack of awareness are 11%, and nonmembers who said I don't know are 89%. Majority of non-members said that they don't know and majority of members said lack of awareness. There are so many problems that affect development of MPCs such as natural risk; lack of good security in the area, tribalism and political interference lack of know-how, lack of government support are also the factors that hinder the development of the MPCs.

Figure 16. Factors that hinder the development of the MPCs

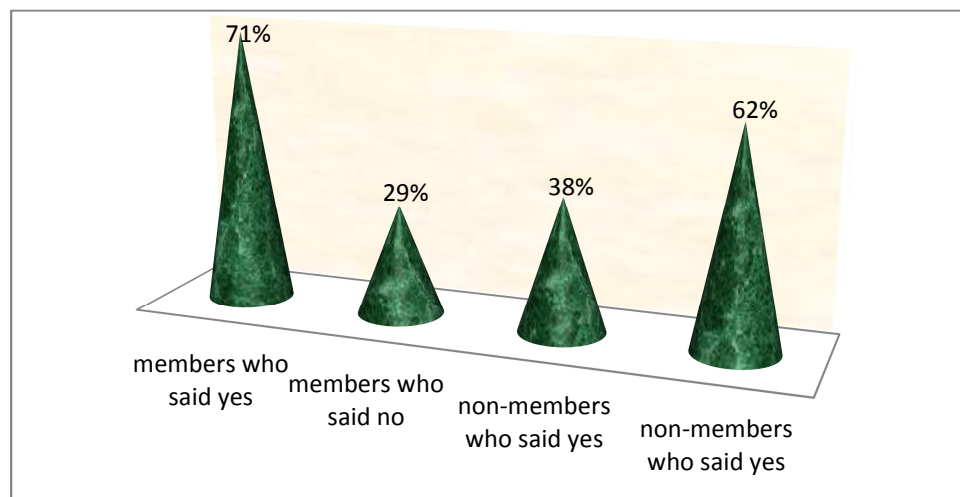


Sources: primary data

4.6.1 Credit in bringing significant change in living standard

In Ethiopia MPCs was a tool for economic empowerment to the members and non-members. The members who said yes are 71% and the members who said no are 29%. When we observed those who are non-members who said yes are 38% and other non-members who said no are 62%. Majority of the members said yes and least number of the members said no. therefore, MPCs provide credit service to the members and nonmembers as it was indicated below the figure.

Figure 17. Credit service bring significance economic change to members and non-members

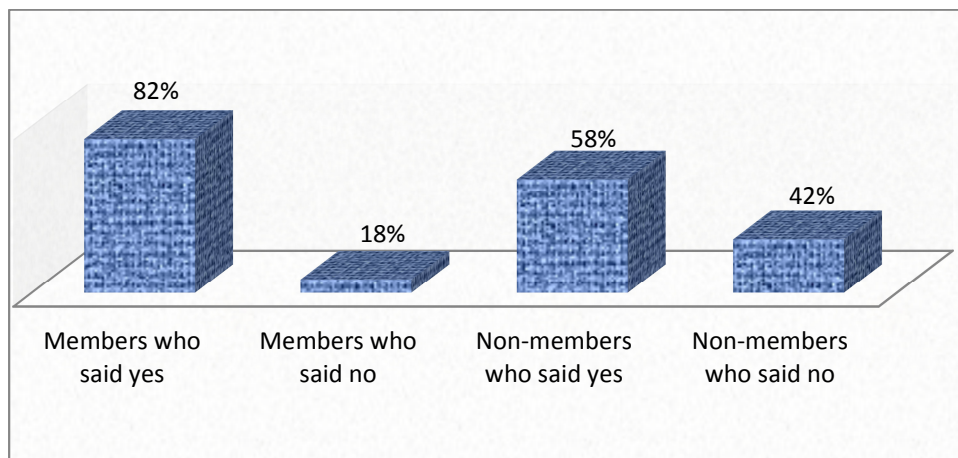


Source: primary data

4.6.2 Multipurpose cooperatives use agricultural products

Multipurpose cooperatives are an institution for credit service to the community. The marketing services of MPCs use to sale agricultural products to improve the rural community economic and other urban community. The members who said yes are 82% and the members who said no, are 18%. Non-members who said yes are 58% and non-members who said no are 42%. Those who explain it those multipurpose cooperatives provide agricultural products for marketing service to their members are more than those who said no. this are a significance view for economic empowerment. And it was indicated below the figure.

Figure 18. Provision of agricultural products through cooperatives



Source: Survey data.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1. Conclusion

The concept of human cooperation is not new, as it was mentioned above, the existing of the cooperative was present before the establishment of modern cooperation, and multipurpose cooperatives play a much role in economic and social empowerment in Gambella town. MPCs have a prominent role in the economic empowerment, it promote agricultural at rural area, and it was organized to render economic benefits, such as economic balance, market power, coordination of demand and supply of marketing goods. As it was mentioned earlier that, it can be consider as multipurpose cooperatives organized by the poor peoples who have no financial capacity to solve their economic problems.

Cooperatives originally invented as an institution of economic association that would help them climb out of social and economic problems, the major external factor that undermine democratic control relate to the substantial role of Gambella Regional Government in the promotion, direction and operations of the cooperative movement. The internal factors include that cooperative principles are not sufficiently known or understood by the members, that the financial prize of the members in their societies is limited, and that the economically weak societies offer only limited benefits to their members. This situation also characterizes the relationship between all the steps of the cooperative structure. For a long period of time cooperatives was burdened with serious weaknesses and problems. The significance of the multipurpose cooperatives to the community was the mean of purchase food items for home consumption both members and other participants who are voluntarily for business operation, it has an importance's function to the members, and it was identifies as the sources of medical & educational fees by the members differently 'The factors that hind the development of multipurpose cooperatives which can bring of the members and non-members, it was identifies by both side, therefore, the government interference and lack of capital and other issues, three basic weaknesses are: the economic feasibility of the major activities undertaken, the cooperative leadership and management capacity, and the lack of democratic

control by the members. As indicated that one major cause of this has been regional government interference and control.

Members of the cooperatives are not only the users of their organization, but also controllers, participation of cooperatives members need to be increase so that it may broaden the understanding of cooperatives, and average participation indicate that, 17%, 23% and 60%, those are members, focus group discussion and key informant respectively. Principles of the cooperatives is a guide line for cooperatives members and other participants who are voluntarily for business operation, it facilitate social and interpersonal relation among the members by themselves.

A weak fairness base of essentially all cooperatives is one fundamental problem that has threatened their feasibility and development potential. The dependence on directive from the government, rather than a market based trading side, on its main activity of maize marketing, has been a major contributing factor. This dependency and weak economic base has contributed to the low level of motivation for cooperative membership and participation among small scale farmers, and a low quality process for electing cooperative leaders. It bring quality marketing service and provide the credit service to both members and non-members, the members explain it that multipurpose cooperatives was an institution for credit service and keep their members from the failure during seasons flexibility, it was an institution to support members economic objectives such as Food aid programs should operate in ways that Promote social empowerment at regional, local, household, and individual levels. Raise nutrition and improve the diets of food, the study identified many problems in the Gambella town, as the study focusing on member needs, cooperatives must work for the sustainable development of their communities through policies accepted by their members. People organized cooperatives to do something better than they could do by themselves or through a non-cooperative form of business acting together, members can develop bargaining power or enjoy the benefits of large business like more efficient use of equipment and the ability to spread motionless costs such as management costs over a larger volume of goods and services.

As we understand it that, cooperatives is the first organizations in Ethiopia were self-help systems. They existed in the country for centuries before they started to develop some sort of structure. A certain amount of informal co-operation between farms is described mostly involved in lending or borrowing of farm tools, working for a neighbor or lending a hand for special jobs (labor mobilization in agriculture, construction), livestock sharing, saving and credit (in monetary or in material form such as oxen). The spirit of self-help and cooperation has long been a part of the farming community to our society. These benefits are known by the members as economies of size. It can work for arranging credit, improved seeds, agricultural implements, as it was explain above, agriculture is very importance because it bring more benefit to MPCs. To organized cooperatives people should have an economic need which can be addressed through the cooperative type of business. Some of the specific needs are expanding in existing markets or developing new markets beyond your own bargaining power or supply potential.

MPCs keep livestock for multifunction, keeping anything needed to prepare feed for animal, and storage of cultivated products before they are marketed such as dairy, sheep, goats and poultry, both products enter to the marketing with quality physical shape. And the members explain it that livestock purpose is for marketing service and home consumption, for their business operation. Using livestock for institution grazing may prove to be the most profitable products enterprise. While the demand for those products seem as high demands for the society.

5.2. Recommendation

Based on the result and discussion of the study, the following issues are ahead to better-quality for the MPCs. the performance and the role of MPCs in marketing services and credit services that desire to be providing to the members.

Multipurpose cooperatives play a huge role on economic empowerment of its members and nonmembers, according to the study, all members understand multipurpose cooperative as an essential tools to improve their economic empowerment through all the community, multipurpose cooperative was also a tool for quality of marketing service of the community, according to the study, cooperatives was identifies by both side members and nonmembers as a tools for their economic change, principles of the cooperatives is a guide line for cooperatives members and other

non-members for business operation, and it also an essential tool for natural risk reduction among members.

Therefore, as it was mention that it shows an importance function through economic actions of private and public participants operating dynamically within a system continually struggling to match supply and demand elements is one of the most important and effective means enabling members to have access to the socio-economic development they need throughout the Gambella town. multipurpose primary cooperatives were consider that they have enough capital to make a positive activities to change members and non-members socio economic and the ultimate objective of sampling size was select a set of elements from a population such as random sampling. The choice to create change is to encourage joint risks between financially strong multipurpose cooperatives and other weaker private business sector with similar activities with cooperatives sectors and with attractive business opportunities as a key point for self-reliant. One of the biggest challenges to multipurpose cooperatives in Gambella town was the lack of awareness of their business potential, to change these problems, regional government must organize a training, loans provision, awareness creation to all members and nonmembers.

- ❖ Finally, multipurpose cooperatives must not be narrow to single purpose like economic, financial and decision-making phases, multipurpose cooperative have a to play a pivotal role in Gambella town.as we understand it that cooperative members needs training together with active citizens, whereas cooperatives managers needs to make a good measurements in effective behaviors to bring change to the economic empowerment to the members and other nonmembers who participate to the cooperatives business activities.
- ❖ To improve the performance of MPCs in economic and social empowerments, Regional government must have to re-organize all failure cooperatives and must provide loan to them, in order to keep marketing stability at all seasons and carry out awareness creation as a safe way to help members for inflation which happen in the region.
- ❖ The factors that prevent the development of multipurpose cooperative needs an importance tasks to avoid them that the improvements to the economic status must develop, natural risk, lack of good security in the area, tribalism and political interference are the main factor that hinder the development of the cooperatives, the regional government must observed these issues

- ❖ To make an improvement for the last strategic apply by multipurpose cooperatives members, regional government should carry out awareness and provides loans to reduce production cost, and to organized many multipurpose cooperatives societies in the way of cooperatives principles.
- ❖ One of major problem that weak the multipurpose cooperatives was, lack of enough capital, lack of government interference, lack of awareness, low participation of members to the management system. All those factors can prevent the growth of the cooperatives. Regional government need to make a pivotal role as it was understandable that, MPCs where organized by the members for their social and economic empowerment.
- ❖ Multipurpose cooperatives can apply various services to improve the performances which expect by their members due to its contribution to the socio-economic empowerment, many private sector interrupt the marketing activities that belong to the cooperatives, regional government must consider this problem to aware all private business sector to understand their different policy of marketing. This can make multipurpose cooperatives as a significance tools for economic empowerment.

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APPENDICES

➤ Interview schedule

This interview schedule developed for the study of "**The Role of multipurpose Cooperatives in Social and economic empowerment in Gambella town**, south western part of Ethiopia. This questionnaire is prepared by **Mr. Koang Koang Kuch** to study: **The role of multipurpose cooperatives in social and economic empowerment. (MA programed)**

➤ General Instructions:

Make brief introduction to the respondent before starting the interview, get introduced to the members, greet them in the local language, get her/his name , tell your name, the institution you are working for, and make clear the purpose and objective of the study that you are undertaking. Please ask the question clearly and patiently until the respondent understands, gets your point.

- I. Please fills up the interview schedule according to the cooperatives members and non-members reply, do not put your own opinion.
- II. Please do not try to use political terms while discussing with both Cooperative members and non-members, do not forget to record the name of the tribe.
- III. During the process put the answers of each respondent both on the space provided and encircle the choice or tick mark as required.

Date of interview (Identification number) (Code/002) or (Code/001)

Area (zone) _____ kebele _____ Cooperatives _____

Name _____ _____ of _____ the
responedence _____ Tribe _____

Ages _____ Sex _____ M _____ F _____

Educational background: (A). Grade 1-4(B). 5-8 (C) 9-10 (D) college/diploma (E) Degree etc.

Part I. Households characteristics

No	Family Marital status Member including Household head	Age	Sex	Marital status		Educationa l Level	Main Occupation (Rank)	Relation ship
				Single	Married			
1								
2								
3								

1. Do the roles of multipurpose cooperatives change the living standards of the members and the non-members?

a) Yes b) No

2. Do you keep principles of the cooperatives as an effective tool for change?

A) Yes B) No

3. Your holding farm size is sufficient to satisfy your cooperatives and home consumption?

A) Yes B) No

4. Your cooperative own lives stock?

A) Yes B) No

5. What is the purpose of keeping livestock?

A) Consumption B) For sale

6. How do you inspect the role of multipurpose cooperative about socio economic change to the members and nonmembers? How is it look like,

A) Good B) Poor

7. Do your cooperatives provide credit service to the members and nonmembers?

A) Yes B) No

8. Do the Multipurpose cooperative sale their product to the members?

A) Yes B) No

9. What is the price of your product, do they similar to the private sector?

A) Yes B) No

10. Does the cooperative serve regularly for the marketing service?

A) Yes B) No

11. Do you participate in cooperative management/ decision making process?

A) Yes B) No

12. Are you aware for the benefits of your cooperative?

A) Yes B) No

13. What are your main sources of income from cooperatives or from other?

A) From cooperatives B) from other private business sector,

14. What is the significance of the cooperatives to your economic improvement of your family?

A) Good B) Poor

15. How do you compare the private business and the cooperative societies in bringing change to your standard of living?

A) Cooperatives B) private business sector.

16. What are the factors that hinder the development of the multipurpose cooperatives to make change on social and economic empowerment?

A) Lack Awareness B) Government interference, C) Lack of enough capital

17. Did the credit bring significant change to your living standard?

A) Yes B) No

18. Do the multipurpose cooperatives use only agricultural products?

A) Yes B) No

19. What is the role of multipurpose cooperatives in economic empowerment to the members and non-members?

A) It brings change to the members and non-members of the cooperatives. B) No change to both members and non-members.